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STATE OF ALASKA
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FORWARD

In this report we present and discuss our current CONTROL or "best judgement" forecast of the Alaska economy. While this is an econometric forecast in the sense that it has been made with the AEIRS quarterly econometric model, it is not solely the product of that model. Where it seemed appropriate we have judgementally adjusted the forecast to take account of recent information on the pace of economic activity, and have also fine tuned the model where preliminary testing suggested the need. This is standard practice and reflects the fact that economic model building is still an imperfect art.

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SUMMARY

Although 1980 is all but past, final employment data are only available for the first calendar quarter. These show a very slight increase of 209 jobs or 0.1 percent over the first quarter of 1979. For the year as a whole, the present AEIRS estimate is a gain of only 0.3 percent or essentially no change.

Payment of Permanent Fund Dividends and tax rebates, the repeal of the State income tax and very stimulative State capital expenditure and loan programs portend a marked employment gain next year. Other factors as well point the way to recovery in 1981. Among these are increased oil drilling, greater interest in mineral exploration, continued growth in tourism, a recovery in the fishing industry, and entry of the Southeast Alaska Native Corporation into the round log business. Taken together, these factors are forecasted here to produce a 5.1 percent 1981 gain in nonagricultural employment, and a 4.1 percent gain the following year.

Largely because of surplus conditions in the housing market, the rate of Anchorage and Fairbanks consumer price inflation has stayed at single digit levels in recent months. Despite a return to two-digit inflation nationally, the forecast here for Anchorage and Fairbanks does not call for a similar acceleration. Given present 12.0 percent plus mortgage interest rates and an oversupply of both rental and owner occupied units, Alaska housing inflation rates should stay below 8.0 percent through next year and thereby dampen the overall rate of consumer price inflation. The housing price index accounts for approximately 50.0 percent of the all items indexes for Anchorage and Fairbanks. Measured by the difference in the annual average all items consumer price index, Anchorage and Fairbanks prices are presently projected to increase 8.4 percent in 1981 and 8.6 percent in 1982.

The estimated 16.0 percent gain in 1980 Alaska resident personal income shown in the summary table is produced by the payment of tax rebates, and catchup gains in wages such as the 1980 inflation adjustment increases given to State employees. However, even with the large estimated gain for 1980, real personal income is not projected to return to the level of 1978 until next year.

Business and consumer confidence is a fragile thing. In our judgement, it is on the upswing and tangibly improves the economy's forecasted performance. Barring some unforeseen shock, Alaska's post-pipeline plateau should clearly be history by this time next year. There is simply too much spending power being released for it to be otherwise.

THE ALASKA ECONOMY
PERFORMANCE SUMMARY
1977 to 1982

	History			Forecast		
	1977	1978	1979	1980	1981	1982
Population, Mid-Year 1/	408,300	411,200	406,200	412,100	423,000	433,100
Percent Change	+0.8	+0.7	-1.2	+1.5	+2.6	+2.4
Nonagricultural Employment	166,066	163,191	166,549	166,968	175,485	182,658
Percent Change	-4.3	-1.7	+2.1	+0.3	+5.1	+4.1
Resident Personal Income 2/	4.313	4.369	4.568	5.300	5.957	6.596
Percent Change	+2.8	+1.3	+4.6	+16.0	+12.4	+10.7
Anchorage CPI (1967=1.000) 4/	1.751	1.875	2.070	2.280	2.472	2.685
Percent Change	+6.7	+7.1	+10.4	+10.1	+8.4	+8.6
Bank Deposits 2/	1,607.0	1,749.1	1,794.2	1,924.3	2,254.8	2,434.2
Percent Change	+9.2	+8.8	+2.6	+7.3	+17.2	+8.0
Savings and Loan Deposits 3/	206.0	216.3	220.7	268.4	329.5	332.7
Percent Change	+18.7	+5.0	+2.0	+21.6	+22.8	+1.0

1/ Includes Military.

2/ Billions of dollars. Revised.

3/ Millions of dollars. Average of January, April, July, and October end of month deposits for S&L's; average of March, June, September, and December end of month deposits for banks.

4/ Index for all urban workers.

Note: Nonagricultural employment in 1977 exceeds present published Alaska Department of Labor estimates by the amount of an upward revision in local government employment.

II. CONTROL FORECAST

The characteristics of future economic growth in Alaska are a function of the size and management of State government oil revenue; the country's growing awareness of the military, political and economic implications of continued dependence on unfriendly or unstable countries for strategic minerals; the timing and provisions of the long pending Alaska lands settlement (D2); and the increasing popularity of Alaska as a tourist destination.

The principal assumptions producing the current AEIRS two year CONTROL forecast are:

GOVERNMENT SPENDING - Excluding Permanent Fund Dividends and State income tax rebates, real (inflation adjusted) State and local government spending in Alaska increases 2.6 percent in 1980, 6.8 percent in 1981, and 4.3 percent in 1982 (calendar years).

TAX REPEAL/PERMANENT FUND DIVIDENDS - Tax repeal and the issuance of Permanent Fund Dividends produce approximately 1,500 support sector jobs by the end of 1982.

TOURISM - The number of tourists visiting Alaska is assumed to grow by 9.0 percent each year.

TIMBER HARVEST - An annual cut of 450 million boardfeet on federal lands is assumed to be augmented by an additional cut of 50 million boardfeet on Native lands in 1981, and 100 million boardfeet in 1982. The Native timber is assumed to be exported as round logs.

FISHING/FISH PROCESSING - Harvest and processing return to 1979 levels in 1981 for salmon. Crab catches hold steady. The bottomfish industry adds 100 jobs in both 1981 and 1982.

HARD ROCK MINERALS - An Alaska lands settlement (D2) by early 1981, coupled with continued high prices for key minerals known to occur in Alaska triggers an exploration boom, initially in areas with favorable legal access and transportation, such as the Nelchina Glacier area.

OIL AND GAS - Recently held and planned State and federal lease sales, on the one hand, and an annual average real (over the rate of consumer price inflation) increase in uncontrolled crude oil and natural gas wellhead prices, is projected to lead to an increase in exploration on the North Slope, in Cook Inlet (1981, 1982), the Gulf of Alaska near Yakutat (1982), and Norton Sound (1982).

None of the large construction projects frequently discussed in the press are assumed to get beyond the site preparation stage before 1983 (Alpetco, Northwest gas pipeline, Pacific Alaska LNG, gas liquids petrochemicals).

1980, YEAR TO DATE

Weak salmon and bottomfish prices, failure to obtain a D2 settlement, a three month delay in the payment of State income tax rebates, a four to five month delay in the payment of Permanent Fund Dividends, and a faster-than-expected national economic recovery which has driven interest rates back to double digit levels; have prompted a downward revision in the AEIRS estimates of 1980 Alaska employment, income and financial flows. Nonagricultural employment is estimated now to have increased this year only 0.3 percent over the 1979 level of 166,549 jobs. Preliminary employment samples taken by the Alaska Department of Labor agree with this assessment, showing only a 0.7 percent job gain for July 1980 over July 1979.

With few regional exceptions, residential building permits authorized were down across the State, recording an overall decline of 47.9 percent through June compared to the same period in 1979. Another indication of pervasive 1980 weakness is the 6.6 percent decline in real nongovernment commercial and mutual savings bank deposits measured for the year ending June 30, 1980. While total deposits at Alaska savings and loan associations were up substantially through August, the gain was due entirely to a jump of $73.5 million in jumbo certificates of deposit (denominations of $100,000 or more). All other savings and loan deposits combined actually declined $7.3 million between August 1979 and August 1980, a real decline of 12.7 percent.

Were it not for a sharp spurt in mining employment (preliminary Department of Labor estimates show a mid-year jump of 15.5 percent over 1979), and substantial public construction activity, the Alaska economy would be in a very severe recession.

Only the 16.0 percent AEIRS estimated resident personal income gain for 1980 is out of line with the dominant pattern of economic slack. The size of the gain, however , is somewhat deceptive. Were it not for the inclusion of the rebate of 1979 State income taxes in 1980 personal income, the 1980 gain would only be 12.8 percent, an amount that would not even bring inflation adjusted State personal income back to its 1980 level, despite an estimated gain of 3,777 nonagricultural jobs over the two year period. In other words, if one allows for the impact of 1979 tax rebates on 1980 income, the resident personal income gain estimated here for 1980 is indeed consistent with a slack 1980 economy. The two year loss of high paying construction jobs accounts for the failure of personal income to keep up with inflation despite overall job gains.

EMPLOYMENT, 1981 AND 1982

The present AEIRS CONTROL forecast shows gains in nonagricultural employment of 5.1 percent in 1981 and 4.1 percent in 1982. The 1981 percentage gain has been revised downward from the 6.5 percent projected in July for two reasons: (1) a substantial increase in interest rates forecasted for the next two years that will discourage some business expansion and significantly curtail private construction relative to the July forecast (third quarter 1981 construction employment is down 1,662 jobs from the July projection, although up over 1980); and (2) revisions in the AEIRS econometric model which lessen forecasted income growth. These two factors more than account for the drop from July of 1.4 percentage points in the 1981 employment gain. The delay in payment of 1979 tax rebates and Permanent Fund Dividends partly compensates by stimulating the 1981 economy more heavily relative to 1980 than would have been the case had payments been made in 1980:3, as

previously assumed. A second compensating factor is that the complete tax repeal enacted by the Alaska Legislature in special session puts approximately 25 percent more after tax income into the pockets of Alaska taxpayers than the partial repeal originally enacted and assumed in the July forecast.

On an industry by industry basis, the 1981, 82 annual average rates of employment growth projected here are: mining 21.5 percent; construction 5.1 percent; manufacturing 4.3 percent; transportation, communications and public utilities 5.0 percent; retail trade 4.9 percent; wholesale trade 4.1 percent; finance, insurance and real estate 5.8 percent; services 4.2 percent; Federal government 1.6 percent; State government 2.7 percent; local government 1.9 percent.

The relatively low rate of State government employment growth assumed for 1981 and 1982, coupled with the much higher rates of State government spending growth assumed for that period, illustrates the projected relative importance of public spending on items other than personal services.

FINANCIAL SECTOR

Alaska commercial banks, mutual savings banks, savings and loan associations, and credit unions should all experience a marked increase in deposits as a result of State income tax repeal and rebates, and the payment of Permanent Fund Dividends. The July 1980 AEIRS QUARTERLY REPORT provides estimates of the income and job creation effects of these transfers. The extra impact from full income tax repeal as opposed to the partial income tax repeal assumed in July comes to about 25.0 percent of the July estimates, or an amount equal to about $25 million after federal income taxes in 1981 and $30 million in 1982, given present estimates of overall Alaska economic performance.

Tight Federal Reserve monetary policy, as exemplified by a growth rate of only 5.6 percent in the nation's basic money supply over the past year (M1-B), has depressed the rate of growth of financial deposits and will likely continue to do so. What appeared in July to be the beginning of a major national recession, now looks to have been only a relatively brief dip. The national inflation rate has moved back above double digit levels, with the All Urban U.S. Consumer Price Index posting an 11.6 percent gain in September (annual rate of increase). The combination of an apparent national economic recovery and resurgent national consumer price inflation leaves little doubt that the Federal Reserve Board will continue to restrict the nation's supply of money and credit. The September 26 increase of the Federal Reserve discount rate from 10.0 percent to 11.0 percent is very likely to be followed by further increases in the near future, and possibly by other more restrictive measures, unless the national economy goes into another nosedive.

These events have prompted a reduction in the AEIRS projections of bank deposit growth. Monetary easing, premised on the nation's experiencing a severe recession, had been projected here in July. Further reductions in the forecasted rate of growth of bank deposits stem from changes introduced this quarter in the AEIRS econometric forecasting model.

Despite the downward revisions in the deposit forecast, Alaska's commercial and mutual savings banks are still forecasted to realize a deposit gain of 17.2 percent in 1981, substantial by any standards. Renewed economic growth and private savings out of tax rebates and Permanent Fund Dividends provides the impetus. Had a monetary easing also been in the

cards, a rate of increase of nearly 19.0 percent would have been deemed probable.

In 1982 the projected bank deposit growth rate slows to 8.0 percent, largely because of the lagged effect of tighter monetary policy and the absence of further one-shot tax rebates in that year.

A near one year tripling of jumbo certificates of deposit issued by Alaska savings and loan associations (from $49.8 million outstanding in August 1979 to $123.2 million outstanding in August 1980, a multiple of 2.5) is responsible for the hefty 21.6 percent gain in total savings and loan deposits estimated for this year. Because interest rates are now forecasted to remain high through 1982 (the 1982:4 mortgage rate is now set at 12.80 percent), we assume here that Alaska savings and loan issues of jumbo certificates of deposit will hold steady through 1981 and decline by only $25.0 million in 1982. This assumption, coupled with the projected pattern of savings out of tax rebates and income gains, produces the apparently strange forecasted rates of savings and loan deposit growth of 22.8 percent in 1981 and 1.0 percent in 1982. Gains from issues of jumbo certificates and tax rebates impact all of 1981 but only a part of 1980. If the $73.5 million gain in jumbos had occurred on January 1, 1980, that alone would have produced a 33.3 percent 1980 increase in total savings and loan deposits over 1979.

On June 30, 1980, the loan-deposit ratio at Alaska commercial and mutual savings banks stood at 0.596. A year earlier that ratio was 0.707, and two years earlier 0.711. The presently projected return of the bank loan deposit ratio to 0.689 in mid-1982 both reflects our forecast of economic recovery in the State and contributes to it.

Given our expectation of continued high interest rates, such a gain in bank lending is at least problematical. Here it is premised on a generally bullish attitude that should soon set in as the State's economy finally moves out of its post-pipeline lethargy, as well as on widespread public expectations of sustained inflation that render double digit interest rates somewhat less burdensome to prospective borrowers.

The October 23 Data Resources, Incorporated (DRI) forecast of selected open market interest rates, and four quarters of the present AEIRS forecast of the Seattle mortgage rate (a proxy for Alaska rates) are presented in the text table. It should be noted that interest rate forecasts are among the most difficult to make accurately. The table is intended only to convey competent professional opinion from a particularly thorough source. Large

SELECTED INTEREST RATES
(Percent)

	Calendar Quarters							
	History				Forecast			
	79:4	**80:1**	**80:2**	**80:3**	**80:4**	**81:1**	**81:2**	**81:3**
90-day U.S. Treasury Bills	6.41	7.34	7.29	7.91	10.83	9.80	9.90	10.39
90-day Euro-dollar Rate	14.72	16.13	12.74	10.74	12.49	10.80	11.07	11.82
Moody's AAA Corporates	10.54	12.14	11.20	11.58	11.98	11.87	11.72	11.63
State & Local AAA General Obligations	6.41	7.34	7.29	7.91	8.39	7.93	7.61	8.03
Conventional Mortgage Rate, Seattle	11.42	12.02	13.70	12.40	12.95	12.69	12.46	12.39

ACKNOWLEDGEMENT: Forecasts of all but the Seattle Mortgage rate were obtained from the Data Resources, Inc., October 23, 1980 Control Simulation of the U.S. economy.

forecasting errors have been made in the past and undoubtedly will continue to be made, given the sensitivity of open market interest rates to public policy changes, changes in inflation expectations, and international financial flows.

INFLATION OUTLOOK

On balance, the AEIRS inflation forecast is essentially unchanged from the July forecast. As measured by the percent change in the Anchorage All Urban Consumer Price Index (CPIU), continued single digit rates of housing inflation are expected to keep the overall rate of increase in the CPIU at single digit levels for most of the next two years. Severe pressure on the housing price index is not likely to be felt in Alaska until the present, still large, inventory of unsold homes and vacant rental units is worked down. Given the recent return to plus 12.0 percent mortgage rates, the projection here is that that will not happen until mid to late 1982. This is not to say that there will be no upward pressure on the housing price index before then, but rather that the rate of acceleration of the Anchorage CPIU for housing will not begin to pull up the overall rate of consumer price inflation until 1983.

The text table compares the presently estimated 1980 and the presently forecasted 1981 and 1982 annual average rates of consumer price inflation for Anchorage to the rate of increase experienced during the most recent twelve month period.

ANCHORAGE CONSUMER PRICE INFLATION*
(Percent)

	Sept. 1979 to Sept. 1980	Percent Change in Annual Average over Previous Year's Annual Average		
		1980	1981	1982
Apparel and Upkeep	5.0	9.4	7.2	5.7
Food and Beverages	6.2	6.8	9.8	9.1
Entertainment	5.1	6.7	6.7	6.1
Housing	7.6	9.7	6.3	7.8
Transportation	13.6	15.1	13.2	12.2
Medical Care	15.5	14.0	9.5	10.4
Other Goods and Services	7.5	7.8	5.7	6.1
All Items	8.3	10.1	8.4	8.6

*As measured by the percent change in the Anchorage Consumer Price Index for all urban workers.

The fact that this forecast differs little from the July version is explained by offsetting pressures: greater expected increases in the prices of goods purchased outside the State (apparel, food and beverages, fuel) and lesser in-State pressures caused by the reduction in the AEIRS employment and income forecast.

Between August 1979 and August 1980, the Fairbanks All Urban Consumer price index rose 9.3 percent. The June 1980-August 1980 gain was 8.7 percent, stated at an annual rate. To date, insufficient data are available for detailed analysis. One can, however, expect similar rates of inflation in both cities until 1983 when the Northwest Alaskan gas pipeline project is assumed to get started. Because Fairbanks lies in the construction corridor it is reasonable to expect somewhat greater price pressure there, than in Anchorage.

III. RECENT FORECASTING RECORD

An examination of the six AEIRS quarterly forecasts of 1979 Alaska economic activity that preceded the receipt of all final 1979 data, shows both strengths and weaknesses in our forecasting performance. The text table presents both the actual (finally recorded) year-to-year percentage change in each of five major indicators, and the 1979 percentage changes that were forecasted beginning in October 1978.

In general, the record is good for nonagricultural employment, inflation and the rate of growth of savings and loan deposits; but decidedly weaker in the case of bank deposits and resident personal income. Because AEIRS projections of bank deposits are particularly sensitive to the corresponding projections of personal income, it is clear that the major forecasting weakness for 1979 lay in the estimates of personal income. Indeed, given the relative accuracy of the employment and inflation projections, it was startling to see how far off the personal income forecasts proved to be.

Part of the problem stemmed from too high preliminary U.S. Department of Commerce estimates of 1978 personal income that raised the base for forecasting 1979 income. When the 1978 estimates were subsequently revised downward, the effect was to dramatize the error in the forecast of the 1978-1979 percentage change. Between January 1979 and July 1980, for example, the U.S. Department of Commerce reduced its estimate of 1978:1 Alaska personal income from $4.419 billion to $4.336 billion, and its estimate of 1978:2 personal income from $4.325 billion to $4.290 billion.

Even after adjusting for these changes in base year income the AEIRS projections for 1979 were unacceptably high. Further investigation revealed a programming error in the AEIRS model that caused forecasted wages and salaries to move increasingly off track on the high side as time went by. This programming error accounted for about 1.5 percentage points of the error in the last two forecasts.

One final systematic source of error (in addition to just simple inaccuracy) concerns the definition of the average hourly wage in manufacturing. Published Department of Labor estimates of this indicator do not adequately account for the higher wages paid in petroleum refining and fertilizer manufacturing. It is more an index of wages paid in fish processing and the wood products industry, than an index of wages paid in all manufacturing. The AEIRS forecasts of personal income consistently adjusted for this problem. As of this writing, it is not clear that the U.S. Department of Commerce historical estimates also do so. If they do not, the AEIRS forecasts of resident personal income would always tend to be higher than the final Commerce Department estimates.

Looking ahead, judgement as to the source of future forecasting error causes us to single out the timing of outside events (such as a D2 settlement) and the actual size and management of State oil revenue as the most probable sources of mistakes, closely followed by difficulties in estimating the effectiveness of "Alaska-hire" provisions in public contracts. Relatively small to moderate changes in labor force participation by current residents can produce relatively large changes in net migration during a period of accellerated development.

AEIRS TRACK RECORD
FORECASTS OF 1979 ACTIVITY

		1979 Actual	1979 Forecast
Percent Change Nonagricultural Employment 1/		+ 2.1	
Forecast of:	October 1978		+ 3.0
	January 1979		+ 1.0
	April 1979		+ 1.1
	July 1979		+ 0.3
	October 1979		+ 0.5
	January 1980		+ 0.9
Percent Change Anchorage CPIU 1/		+10.4	
Forecast of:	October 1978		+ 7.1
	January 1979		+ 8.7
	April 1979		+10.0
	July 1979		+10.8
	October 1979		+10.1
	January 1980		+10.6
Percent Change Bank Deposits 1/		+ 2.6	
Forecast of:	October 1978		+11.8
	January 1979		+ 8.6
	April 1979		+ 6.9
	July 1979		+ 5.7
	October 1979		+ 5.5
	January 1980		+ 3.5
Percent Change S & L Deposits 1/		+ 2.0	
Forecast of:	October 1978		+ 0.2
	January 1979		+ 1.1
	April 1979		+ 0.6
	July 1979		+ 0.3
	October 1979		+ 2.5
	January 1980		+ 2.0
Percent Change Resident Personal Income 1/		+ 4.6	
Forecast of:	October 1978		+14.4
	January 1979		+10.9
	April 1979		+10.5
	July 1979		+10.0
	October 1979		+ 8.9
	January 1980		+ 6.4

1/ 1979 over 1978.

APPENDIX

Historical employment and income data published in the following tables have been revised in accordance with revisions released by the Alaska Department of Labor, and by the U.S. Department of Commerce, Bureau of Economic Analysis.

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TABLE I
STATE OF ALASKA
POPULATION, LABOR FORCE, & EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1976:1	1976:2	1976:3	1976:4	ANNUAL AVG. 1976	1977:1	1977:2	1977:3	1977:4	ANNUAL AVG. 1977
POPULATION (TRENDED)	398.0	400.0	405.2	406.1	402.3	407.0	407.9	408.3	409.5	408.2
LABOR FORCE (CPS BASIS)	154.2	171.7	181.9	164.3	168.0	164.0	180.2	181.7	174.0	175.0
EMPLOYMENT (CPS BASIS)	138.6	157.2	169.7	150.6	154.0	146.9	164.1	168.4	156.6	159.0
UNEMPLOYMENT (CPS BASIS)	15.6	14.5	12.2	13.7	14.0	17.1	16.1	13.4	17.4	16.0
UNEMPLOYMENT RATE (PERCENT, CPS BASIS)	10.1	8.4	6.7	8.3	8.4	10.4	8.9	7.4	10.0	9.2
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT										
MINING	3,651	3,744	4,300	4,163	3,965	4,717	5,079	5,231	4,807	4,959
CONTRACT CONSTRUCTION	23,156	32,760	38,454	26,562	30,233	18,953	22,583	21,310	15,336	19,546
MANUFACTURING	7,402	10,500	14,022	9,400	10,331	8,035	11,487	14,579	9,480	10,895
LOGGING & SAWMILLS	1,107	2,106	2,451	2,117	1,945	1,643	2,575	2,444	1,663	2,081
PAPER & PULP PRODUCTS	1,199	1,188	1,280	1,126	1,198	1,176	1,427	1,238	1,150	1,248
MISC FOOD & KINDRED PRODUCTS	2,927	4,667	7,521	3,752	4,717	2,972	4,974	8,133	4,154	5,058
OTHER MANUFACTURING	2,169	2,539	2,770	2,405	2,471	2,244	2,511	2,764	2,513	2,508
TRANS, COMM, & PUBLIC UTILS	15,164	15,846	16,840	14,967	15,704	14,280	14,706	16,194	16,934	16,029
TRUCKING	3,010	3,004	3,217	3,034	3,066	2,583	2,441	2,630	2,118	2,443
WATER TRANSPORTATION	1,136	1,358	1,535	1,293	1,331	1,030	1,180	1,632	1,254	1,324
AIR TRANSPORTATION	4,402	4,847	5,009	4,314	4,643	4,079	4,449	4,597	4,365	4,373
OTHER TRANSPORTATION	2,131	1,722	2,198	1,867	1,980	1,622	2,005	3,683	3,881	2,898
COMMUNICATIONS	3,392	3,722	3,612	3,210	3,484	3,536	3,381	3,953	3,958	3,707
PUBLIC UTILITIES	1,093	1,193	1,269	1,249	1,201	1,230	1,250	1,299	1,358	1,284
WHOLESALE TRADE	6,067	6,248	6,239	5,837	6,098	5,671	5,982	6,177	5,771	5,900
RETAIL TRADE	19,961	22,224	22,923	20,755	21,466	20,601	22,698	23,470	23,442	22,553
FINANCE, INSURANCE, & REAL EST.	6,490	6,970	7,758	7,191	7,102	7,281	7,601	7,948	8,267	7,774
SERVICES	26,436	28,556	28,797	26,742	27,633	26,740	28,185	26,478	26,520	26,981
GOVERNMENT	48,718	50,764	49,644	49,554	49,670	50,100	50,937	49,927	51,943	50,739
FEDERAL	17,718	17,929	18,371	17,758	17,944	17,390	17,701	18,128	17,717	17,734
STATE	13,169	14,354	15,215	13,754	14,123	13,462	13,989	13,933	14,056	13,660
LOCAL	17,831	18,481	16,058	18,042	17,603	19,248	19,247	17,866	20,220	19,145
MISCELLANEOUS EMPLOYMENT	1,096	1,310	2,056	728	1,298	699	706	863	494	691
TOTAL	158,141	178,922	191,033	165,899	173,499	157,077	169,964	174,177	163,044	166,066

FORECAST PERIODS ARE: POPULATION (79:4 TO 86:4)
LABOR FORCE (80:1 TO 86:4)
NONAG EMPLOYMENT (80:2 TO 86:4)

NOTE: PAPER & PULP EMPLOYMENT FOR 1978:4, 1979:1 IS ESTIMATED.

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TABLE I
STATE OF ALASKA
POPULATION,LABOR FORCE,& EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
POPULATION (TRENDED)	410.7	410.8	411.2	410.3	410.8	406.1	406.4	406.2	405.2	406.5
LABOR FORCE (CPS BASIS)	171.9	185.7	186.8	179.6	181.0	171.2	183.2	180.6	177.4	180.0
EMPLOYMENT (CPS BASIS)	150.9	164.1	168.7	160.4	161.0	152.2	165.4	174.7	162.7	164.0
UNEMPLOYMENT (CPS BASIS)	21.1	21.6	18.1	19.2	20.0	19.0	18.8	15.5	14.7	16.0
UNEMPLOYMENT RATE (PERCENT,CPS BASIS)	12.3	11.6	9.7	10.7	11.1	11.1	9.2	7.2	8.3	8.9

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT

MINING	5,380	5,782	5,698	5,590	5,563	5,642	5,905	5,919	5,620	5,775
CONTRACT CONSTRUCTION	10,226	12,572	14,817	11,345	12,240	7,461	9,846	12,000	10,255	10,092
MANUFACTURING	8,325	11,922	14,091	9,587	11,481	7,800	13,159	18,021	11,511	12,018
LOGGING & SAWMILLS	903	2,024	2,151	1,656	1,684	971	2,034	2,687	2,257	1,987
PAPER & PULP PRODUCTS	1,168	1,197	1,190	750	1,076	1,066	1,248	1,033	1,017	1,091
MISC FOOD & KINDRED PRODUCTS	3,681	5,862	9,584	4,550	5,869	3,317	6,840	11,756	5,223	6,779
OTHER MANUFACTURING	2,573	2,839	3,166	2,831	2,852	2,446	3,017	3,305	3,014	2,961
TRANS,COMM, & PUBLIC UTILS	15,507	16,542	17,521	15,945	16,379	15,609	16,726	17,631	16,650	16,704
TRUCKING	2,050	2,147	2,257	1,879	2,083	1,813	1,761	1,799	1,648	1,755
WATER TRANSPORTATION	830	1,376	1,359	1,109	1,169	916	1,292	1,477	1,255	1,235
AIR TRANSPORTATION	4,228	4,431	4,871	4,565	4,524	4,475	5,041	5,475	5,008	5,000
OTHER TRANSPORTATION	3,227	3,067	3,375	2,913	3,146	2,812	2,987	3,347	3,065	3,053
COMMUNICATIONS	3,905	4,028	4,163	4,112	4,052	4,214	4,224	4,269	4,301	4,257
PUBLIC UTILITIES	1,267	1,493	1,496	1,367	1,406	1,379	1,421	1,444	1,373	1,404
WHOLESALE TRADE	5,551	5,743	5,988	5,621	5,721	5,289	5,679	5,735	5,340	5,511
RETAIL TRADE	21,638	23,197	24,161	23,431	23,107	22,874	24,098	24,901	24,030	23,977
FINANCE,INSURANCE,& REAL EST.	8,442	7,966	8,341	8,163	8,228	8,093	8,208	8,021	7,814	8,035
SERVICES	25,805	27,778	29,540	27,299	27,606	27,558	28,658	29,807	28,982	28,251
GOVERNMENT	51,761	53,061	49,427	55,065	52,334	54,886	55,814	50,828	56,603	54,533
FEDERAL	17,501	18,055	18,720	18,396	18,168	17,516	17,815	18,041	17,868	17,915
STATE	13,842	14,275	14,440	14,829	14,347	14,652	15,041	15,059	15,155	14,477
LOCAL	20,418	20,731	16,267	21,860	19,819	22,718	22,957	17,128	23,760	21,641
MISCELLANEOUS EMPLOYMENT	515	493	967	159	534	476	920	975	1,052	856
TOTAL	153,130	165,056	172,551	162,025	163,191	155,095	168,991	175,644	165,866	166,549

FORECAST PERIODS ARE:POPULATION (79:4 TO 86:4)
LABOR FORCE (80:1 TO 86:4)
NONAG EMPLOYMENT (80:2 TO 86:4)

NOTE:PAPER & PULP EMPLOYMENT FOR 1978:4,1979:1 IS ESTIMATED.

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TABLE I
STATE OF ALASKA
POPULATION,LABOR FORCE,& EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
POPULATION (TRENDED)	407.5	409.6	412.1	415.3	411.1	417.4	420.4	423.0	426.0	421.7
LABOR FORCE (CPS BASIS)	173.4	182.6	189.3	185.7	182.7	185.0	195.9	202.8	198.8	195.6
EMPLOYMENT (CPS BASIS)	154.2	165.8	175.7	169.7	166.4	164.1	177.6	188.0	181.4	177.8
UNEMPLOYMENT (CPS BASIS)	19.2	16.8	13.6	15.9	16.4	20.9	18.4	14.8	17.4	17.9
UNEMPLOYMENT RATE (PERCENT,CPS BASIS)	11.1	9.2	7.2	8.6	9.0	11.3	9.4	7.3	8.7	9.2
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT										
MINING	5,957	6,413	7,053	6,999	6,606	7,112	7,943	9,027	8,773	8,214
CONTRACT CONSTRUCTION	7,311	9,637	12,789	9,116	9,713	8,179	10,885	13,247	9,926	10,559
MANUFACTURING	9,767	13,495	17,463	11,298	13,006	9,851	14,164	18,643	12,086	13,686
LOGGING & SAWMILLS	1,694	2,375	2,544	1,980	2,148	1,447	2,437	2,658	2,063	2,151
PAPER & PULP PRODUCTS	1,033	1,320	1,365	1,193	1,227	1,258	1,372	1,420	1,272	1,331
MISC FOOD & KINDRED PRODUCTS	4,172	6,506	10,072	4,933	6,421	4,198	6,977	11,083	5,560	6,954
OTHER MANUFACTURING	2,868	3,295	3,482	3,193	3,210	2,948	3,378	3,482	3,191	3,250
TRANS,COMM, & PUBLIC UTILS	16,056	17,473	18,542	17,447	17,379	16,981	18,410	19,291	18,323	18,251
TRUCKING	1,713	1,883	1,980	1,819	1,849	1,958	2,111	2,182	1,989	2,060
WATER TRANSPORTATION	1,110	1,214	1,473	1,176	1,243	971	1,232	1,534	1,219	1,239
AIR TRANSPORTATION	4,914	5,490	5,962	5,454	5,455	5,307	5,978	6,293	5,939	5,879
OTHER TRANSPORTATION	2,747	3,133	3,277	3,383	3,135	3,210	3,250	3,280	3,390	3,282
COMMUNICATIONS	4,246	4,339	4,365	4,159	4,277	4,079	4,292	4,394	4,225	4,248
PUBLIC UTILITIES	1,326	1,414	1,484	1,456	1,420	1,457	1,548	1,609	1,560	1,543
WHOLESALE TRADE	5,163	5,433	5,519	5,328	5,361	5,374	5,435	5,636	5,386	5,458
RETAIL TRADE	21,767	23,441	25,010	24,577	23,699	23,886	24,703	26,402	25,655	25,161
FINANCE,INSURANCE,& REAL EST.	7,665	7,652	7,762	7,645	7,681	7,594	7,846	8,352	8,277	8,017
SERVICES	27,715	28,646	29,624	28,652	28,659	28,432	29,961	30,953	30,166	29,878
GOVERNMENT	53,890	54,743	51,131	56,037	53,950	55,016	56,567	52,662	57,179	55,356
FEDERAL	16,871	17,697	18,294	18,293	17,789	18,085	18,385	18,484	18,484	18,360
STATE	15,032	15,115	15,454	15,549	15,288	15,574	15,667	16,205	15,848	15,823
LOCAL	21,987	21,932	17,382	22,196	20,874	21,357	22,516	17,972	22,848	21,173
MISCELLANEOUS EMPLOYMENT	613	923	1,348	771	914	577	923	1,348	771	905
TOTAL	155,904	167,856	176,240	167,871	166,968	163,002	176,835	185,562	176,542	175,485

FORECAST PERIODS ARE:POPULATION (79:4 TO 86:4)
LABOR FORCE (80:1 TO 86:4)
NONAG EMPLOYMENT (80:2 TO 86:4)

NOTE:PAPER & PULP EMPLOYMENT FOR 1978:4,1979:1 IS ESTIMATED.

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TABLE 1
STATE OF ALASKA
POPULATION,LABOR FORCE,& EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1982:1	1982:2	1982:3	1982:4	ANNUAL AVG. 1982
POPULATION (TRENDED)	427.9	430.6	433.1	435.9	431.9
LABOR FORCE (CPS BASIS)	196.6	208.0	214.3	209.4	207.1
EMPLOYMENT (CPS BASIS)	173.9	188.2	198.4	190.8	187.8
UNEMPLOYMENT (CPS BASIS)	22.7	19.8	15.9	18.7	19.3
UNEMPLOYMENT RATE (PERCENT,CPS BASIS)	11.5	9.5	7.4	8.9	9.4
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT					
MINING	9,044	9,679	10,492	9,798	9,753
CONTRACT CONSTRUCTION	8,345	11,092	13,493	10,071	10,750
MANUFACTURING	10,171	14,558	19,434	12,585	14,137
LOGGING & SAWMILLS	1,542	2,540	2,764	2,160	2,251
PAPER & PULP PRODUCTS	1,356	1,476	1,508	1,335	1,419
MISC FOOD & KINDRED PRODUCTS	4,346	7,122	11,644	5,671	7,196
OTHER MANUFACTURING	2,927	3,420	3,518	3,220	3,271
TRANS,COMM, & PUBLIC UTILS	17,758	19,323	20,370	19,222	19,168
TRUCKING	2,078	2,259	2,363	2,147	2,212
WATER TRANSPORTATION	1,015	1,246	1,546	1,235	1,260
AIR TRANSPORTATION	5,779	6,510	6,971	6,468	6,432
OTHER TRANSPORTATION	3,187	3,312	3,334	3,444	3,319
COMMUNICATIONS	4,157	4,375	4,484	4,315	4,333
PUBLIC UTILITIES	1,542	1,620	1,672	1,614	1,612
WHOLESALE TRADE	5,555	5,824	6,089	5,781	5,812
RETAIL TRADE	24,670	26,062	27,182	26,453	26,092
FINANCE,INSURANCE,& REAL EST.	8,266	8,459	8,966	8,863	8,638
SERVICES	29,640	31,271	32,215	31,287	31,103
GOVERNMENT	56,082	57,766	53,277	57,869	56,249
FEDERAL	18,085	18,385	18,484	18,484	18,360
STATE	15,831	15,980	16,529	16,164	16,126
LOCAL	22,166	23,403	18,264	23,221	21,763
MISCELLANEOUS EMPLOYMENT	585	935	1,518	781	955
TOTAL	170,117	184,968	193,036	182,510	182,658

FORECAST PERIODS ARE:POPULATION (79:4 TO 86:4)
LABOR FORCE (80:1 TO 86:4)
NONAG EMPLOYMENT (80:2 TO 86:4)

NOTE:PAPER & PULP EMPLOYMENT FOR 1978:4,1979:1 IS ESTIMATED.

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TABLE II
STATE OF ALASKA
INCOME,PRICES,AND WAGES

INCOME(BILLIONS OF $,SEASONALLY ADJUSTED,ANNUAL RATE)

		1976:1	1976:2	1976:3	1976:4	ANNUAL AVG, 1976	1977:1	1977:2	1977:3	1977:4	ANNUAL AVG, 1977
	WAGES & SALARIES	4.081	4.319	4.390	4.344	4.284	4.187	3.958	3.589	3.657	3.843
PLUS:	OTHER LABOR INCOME	0.220	0.233	0.253	0.271	0.244	0.283	0.285	0.276	0.296	0.285
PLUS:	PROPRIETORS' INCOME	0.180	0.190	0.199	0.223	0.198	0.235	0.237	0.230	0.240	0.236
PLUS:	PROPERTY INCOME	0.283	0.294	0.301	0.306	0.296	0.310	0.314	0.314	0.313	0.313
PLUS:	TRANSFER PAYMENTS	0.300	0.284	0.289	0.293	0.291	0.323	0.337	0.360	0.346	0.342
PLUS:	RESIDENCE ADJUSTMENT	-0.867	-0.939	-0.942	-0.910	-0.915	-0.594	-0.517	-0.398	-0.381	-0.473
LESS:	EMPLOYEE CONTRIBUTIONS SOC INS	0.188	0.196	0.208	0.224	0.204	0.256	0.240	0.223	0.228	0.232
EQUALS:	PERSONAL INCOME,RESIDENCE BASIS	4.008	4.186	4.282	4.303	4.195	4.508	4.374	4.148	4.223	4.313

CONSUMER PRICE INDICES-ANCHORAGE (1967=1,000)

APPAREL AND UPKEEP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
FOOD AND BEVERAGES	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ENTERTAINMENT	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
HOUSING	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
TRANSPORTATION	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
MEDICAL CARE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
OTHER GOODS & SVCS	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ALL ITEMS	1.597	1.628	1.658	1.682	1.641	1.705	1.742	1.774	1.782	1.751

AVERAGE HOURLY EARNINGS (DOLLARS,SEASONALLY ADJUSTED)

MINING	12.99	13.42	13.35	14.00	13.44	15.50	15.01	14.65	15.23	15.10
CONTRACT CONSTRUCTION	16.21	16.94	18.23	19.10	17.62	20.16	19.09	18.26	19.44	19.24
MANUFACTURING (AEIRS DEF.)	7.85	7.98	8.32	8.41	8.14	9.62	9.96	10.68	11.17	10.41
WHOLESALE TRADE	8.12	8.70	9.00	8.33	8.54	8.62	8.83	8.91	8.56	8.68
RETAIL TRADE*	6.65	6.27	6.59	6.67	6.55	6.94	7.17	7.40	7.37	7.22

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1979:1 TO 1980:1
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE:INCOME (80:2 TO 86:4)
PRICES (80:4 TO 86:4)
EARNINGS (80:2 TO 86:4)

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TABLE II
STATE OF ALASKA
INCOME, PRICES, AND WAGES

INCOME(BILLIONS OF $,SEASONALLY ADJUSTED,ANNUAL RATE)

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
WAGES & SALARIES	3.674	3.585	3.617	3.666	3.636	3.688	3.650	3.693	3.875	3.726
PLUS: OTHER LABOR INCOME	0.315	0.312	0.322	0.329	0.320	0.327	0.336	0.348	0.367	0.345
PLUS: PROPRIETORS' INCOME	0.248	0.253	0.264	0.277	0.261	0.270	0.271	0.288	0.298	0.282
PLUS: PROPERTY INCOME	0.319	0.326	0.338	0.351	0.334	0.367	0.381	0.396	0.416	0.390
PLUS: TRANSFER PAYMENTS	0.345	0.346	0.379	0.363	0.358	0.344	0.355	0.376	0.390	0.366
PLUS: RESIDENCE ADJUSTMENT	-0.328	-0.310	-0.310	-0.310	-0.315	-0.302	-0.299	-0.312	-0.327	-0.310
LESS: EMPLOYEE CONTRIBUTIONS SOC INS	0.236	0.222	0.219	0.216	0.223	0.228	0.225	0.230	0.239	0.231
EQUALS:PERSONAL INCOME,RESIDENCE BASIS	4.336	4.290	4.391	4.459	4.369	4.466	4.470	4.558	4.779	4.568

CONSUMER PRICE INDICES-ANCHORAGE (1967=1,000)

APPAREL AND UPKEEP	1.546	1.561	1.594	1.612	1.583	1.578	1.579	1.642	1.669	1.622
FOOD AND BEVERAGES	2.115	2.211	2.248	2.294	2.217	2.385	2.425	2.485	2.519	2.453
ENTERTAINMENT	1.858	1.874	1.885	1.902	1.874	1.903	1.896	1.927	1.973	1.925
HOUSING	1.782	1.791	1.882	1.931	1.841	1.982	2.027	2.093	2.131	2.058
TRANSPORTATION	1.687	1.750	1.792	1.822	1.763	1.848	1.906	1.995	2.052	1.949
MEDICAL CARE	2.237	2.248	2.310	2.352	2.287	2.442	2.491	2.499	2.535	2.492
OTHER GOODS & SVCS	1.758	1.790	1.825	1.855	1.807	1.864	1.917	1.952	1.995	1.937
ALL ITEMS	1.800	1.843	1.909	1.950	1.875	1.996	2.037	2.103	2.144	2.070

AVERAGE HOURLY EARNINGS (DOLLARS,SEASONALLY ADJUSTED)

MINING	15.15	14.79	14.60	15.67	15.05	16.68	17.39	17.74	18.86	17.67
CONTRACT CONSTRUCTION	18.26	18.12	17.84	18.66	18.22	18.67	18.73	18.93	18.92	18.74
MANUFACTURING (AEIRS DEF.)	10.91	10.91	11.03	11.58	11.11	11.59	11.67	11.51	12.47	11.91
WHOLESALE TRADE	8.38	8.68	8.98	9.06	8.78	9.28	9.57	9.83	9.78	9.62
RETAIL TRADE*	7.05	7.36	7.05	7.56	7.26	7.59	7.51	7.68	7.73	7.58

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1979:1 TO 1980:1
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE:INCOME (80:2 TO 86:4)
PRICES (80:4 TO 86:4)
EARNINGS (80:2 TO 86:4)

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TABLE II
STATE OF ALASKA
INCOME, PRICES, AND WAGES

INCOME (BILLIONS OF $, SEASONALLY ADJUSTED, ANNUAL RATE)

		1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
	WAGES & SALARIES	3.943	4.014	4.141	4.265	4.091	4.447	4.619	4.745	4.859	4.667
PLUS:	OTHER LABOR INCOME	0.379	0.369	0.366	0.367	0.370	0.373	0.381	0.390	0.399	0.386
PLUS:	PROPRIETORS' INCOME	0.296	0.298	0.308	0.320	0.305	0.329	0.330	0.344	0.354	0.339
PLUS:	PROPERTY INCOME	0.443	0.462	0.491	0.493	0.477	0.496	0.511	0.528	0.548	0.521
PLUS:	TRANSFER PAYMENTS	0.404	0.410	0.839	0.849	0.625	1.075	0.578	0.591	0.602	0.712
PLUS:	RESIDENCE ADJUSTMENT	-0.331	-0.295	-0.304	-0.323	-0.313	-0.333	-0.341	-0.347	-0.361	-0.345
LESS:	EMPLOYEE CONTRIBUTIONS SOC INS	0.251	0.247	0.258	0.266	0.256	0.296	0.326	0.327	0.359	0.322
EQUALS:	PERSONAL INCOME, RESIDENCE BASIS	4.883	5.030	5.583	5.704	5.300	6.091	5.753	5.923	6.061	5.957

CONSUMER PRICE INDICES-ANCHORAGE (1967=1,000)

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
APPAREL AND UPKEEP	1.690	1.759	1.812	1.838	1.775	1.863	1.888	1.915	1.942	1.902
FOOD AND BEVERAGES	2.542	2.588	2.642	2.712	2.621	2.780	2.846	2.912	2.979	2.879
ENTERTAINMENT	2.018	2.073	2.014	2.110	2.054	2.142	2.174	2.207	2.240	2.191
HOUSING	2.203	2.252	2.274	2.304	2.258	2.338	2.378	2.423	2.467	2.401
TRANSPORTATION	2.140	2.210	2.272	2.350	2.243	2.425	2.502	2.575	2.658	2.540
MEDICAL CARE	2.717	2.842	2.884	2.926	2.842	2.999	3.074	3.151	3.230	3.113
OTHER GOODS & SVCS	2.034	2.080	2.116	2.127	2.089	2.159	2.191	2.224	2.257	2.208
ALL ITEMS	2.209	2.263	2.296	2.351	2.280	2.397	2.446	2.497	2.550	2.472

AVERAGE HOURLY EARNINGS (DOLLARS, SEASONALLY ADJUSTED)

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
MINING	18.74	19.30	19.68	20.25	19.49	20.75	21.28	21.84	22.41	21.57
CONTRACT CONSTRUCTION	19.03	19.78	19.52	19.48	19.45	20.56	21.38	21.24	21.13	21.08
MANUFACTURING (ABINS DEF.)	12.48	12.96	13.23	13.53	13.05	14.01	13.88	14.08	14.35	14.08
WHOLESALE TRADE	9.71	10.22	10.72	10.78	10.36	10.87	11.18	11.44	11.44	11.23
RETAIL TRADE*	8.07	8.32	8.52	8.65	8.39	8.85	9.03	9.21	9.41	9.12

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1979:1 TO 1980:1
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (80:2 TO 86:4)
PRICES (80:4 TO 86:4)
EARNINGS (80:2 TO 86:4)

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TABLE II
STATE OF ALASKA
INCOME,PRICES,AND WAGES

INCOME(BILLIONS OF $,SEASONALLY ADJUSTED,ANNUAL RATE)

		1982:1	1982:2	1982:3	1982:4	ANNUAL AVG. 1982
	WAGES & SALARIES	5.055	5.248	5.363	5.456	5.280
PLUS:	OTHER LABOR INCOME	0.410	0.422	0.433	0.442	0.427
PLUS:	PROPRIETORS' INCOME	0.361	0.368	0.378	0.389	0.374
PLUS:	PROPERTY INCOME	0.568	0.592	0.616	0.642	0.605
PLUS:	TRANSFER PAYMENTS	0.647	0.663	0.671	0.695	0.669
PLUS:	RESIDENCE ADJUSTMENT	-0.372	-0.381	-0.386	-0.399	-0.384
LESS:	EMPLOYEE CONTRIBUTIONS SOC INS	0.345	0.381	0.380	0.391	0.374
EQUALS:	PERSONAL INCOME,RESIDENCE BASIS	6.323	6.532	6.696	6.835	6.596

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

APPAREL AND UPKEEP	1.970	1.998	2.025	2.052	2.011
FOOD AND BEVERAGES	3.046	3.111	3.173	3.233	3.141
ENTERTAINMENT	2.273	2.307	2.342	2.377	2.325
HOUSING	2.501	2.559	2.618	2.678	2.589
TRANSPORTATION	2.739	2.817	2.889	2.957	2.851
MEDICAL CARE	3.310	3.393	3.478	3.565	3.437
OTHER GOODS & SVCS	2.291	2.326	2.361	2.396	2.343
ALL ITEMS	2.597	2.656	2.715	2.773	2.665

AVERAGE HOURLY EARNINGS (DOLLARS,SEASONALLY ADJUSTED)

MINING	22.94	23.58	24.22	24.86	23.90
CONTRACT CONSTRUCTION	22.28	23.22	23.08	22.98	22.89
MANUFACTURING (AEIRS DEF.)	15.09	15.02	15.16	15.57	15.22
WHOLESALE TRADE	11.41	11.68	11.95	11.91	11.74
RETAIL TRADE*	9.60	9.78	10.00	10.22	9.90

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1979:1 TO 1980:1
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE:INCOME (80:2 TO 86:4)
PRICES (80:4 TO 86:4)
EARNINGS (80:2 TO 86:4)

CONTROL1080

TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1976:1	1976:2	1976:3	1976:4	ANNUAL AVG. 1976	1977:1	1977:2	1977:3	1977:4	ANNUAL AVG. 1977
CASH & DUE FROM BANKS	229.2	219.2	270.5	239.2	239.5	200.1	199.2	204.5	215.6	204.9
SECURITIES	413.5	485.1	510.7	482.6	473.0	466.7	466.6	509.4	478.9	480.4
LOANS & DISCOUNTS	792.6	855.6	913.3	957.4	879.7	981.9	1,051.5	1,122.3	1,148.9	1,076.2
OTHER ASSETS	79.9	81.4	88.6	92.3	85.5	101.3	119.9	120.1	120.4	115.4
TOTAL ASSETS	1,515.1	1,641.3	1,783.2	1,771.5	1,677.8	1,750.1	1,837.3	1,956.3	1,963.8	1,876.9
DEMAND DEPOSITS	630.4	727.9	763.0	682.9	701.1	651.2	746.7	774.7	731.4	726.0
TIME DEPOSITS	708.3	709.9	817.4	848.8	771.1	847.9	821.3	901.9	953.0	881.0
OTHER LIABILITIES & CAPITAL	176.4	203.5	202.9	239.8	205.7	251.0	269.3	279.8	279.5	269.9

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	158.9	168.3	178.7	188.0	173.5	190.7	196.9	217.8	218.7	206.0
NEW SAVINGS RECEIVED	54.3	54.1	54.1	46.9	52.3	55.3	61.8	71.9	50.5	59.9
WITHDRAWALS	46.4	47.9	48.9	46.5	47.4	51.1	53.3	56.9	56.7	54.5
CHANGE IN MORTGAGE PORTFOLIOS	1.6	11.9	11.0	3.5	7.0	3.5	10.8	11.7	7.3	8.3
NEW LENDING	10.8	23.0	23.4	25.3	20.6	17.5	27.4	32.4	32.5	27.5
MORTGAGE RATE (%)-SEATTLE	9.5	9.2	9.3	9.4	9.4	9.2	9.1	9.2	9.4	9.2

THE FORECAST PERIOD IS 1980:3 TO 1986:4

CONTROL1080

TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
CASH & DUE FROM BANKS	213.7	248.3	275.0	249.8	246.7	228.7	228.0	272.4	248.5	244.4
SECURITIES	437.3	465.2	508.9	514.0	481.4	500.1	581.6	694.5	654.7	607.7
LOANS & DISCOUNTS	1,170.3	1,244.3	1,286.0	1,242.2	1,235.7	1,222.7	1,266.0	1,262.2	1,210.1	1,240.2
OTHER ASSETS	130.3	131.8	128.0	127.0	129.3	130.1	134.7	136.5	135.2	134.1
TOTAL ASSETS	1,951.5	2,089.7	2,198.0	2,133.1	2,093.1	2,081.6	2,210.2	2,365.7	2,248.4	2,226.5
DEMAND DEPOSITS	666.8	733.6	788.5	709.3	724.5	666.2	707.5	762.3	684.1	705.0
TIME DEPOSITS	973.2	1,017.5	1,069.6	1,038.0	1,024.6	1,022.2	1,083.6	1,134.6	1,116.1	1,089.2
OTHER LIABILITIES & CAPITAL	311.6	338.6	339.9	385.8	344.0	393.2	419.1	468.8	448.1	432.3

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	216.6	216.3	212.4	219.9	216.3	212.9	211.4	228.3	230.2	220.7
NEW SAVINGS RECEIVED	41.5	63.4	75.6	54.0	58.6	62.1	75.2	74.0	79.6	72.7
WITHDRAWALS	49.9	61.8	72.1	65.3	62.3	64.3	67.0	76.1	76.2	70.9
CHANGE IN MORTGAGE PORTFOLIOS	-1.8	14.0	-5.6	-2.6	1.0	-4.8	4.6	-2.2	-11.6	-3.5
NEW LENDING	16.4	33.6	28.6	26.5	26.3	15.4	22.6	17.5	12.1	16.9
MORTGAGE RATE (%)-SEATTLE	9.5	9.7	10.0	10.2	9.8	10.6	10.7	11.1	11.4	10.9

THE FORECAST PERIOD IS 1980:3 TO 1986:4

CONTROL1080

TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
CASH & DUE FROM BANKS	274.2	339.6	306.5	291.6	303.0	301.8	326.9	366.3	349.7	336.2
SECURITIES	640.4	733.9	763.0	752.7	722.5	743.2	734.4	740.6	695.4	728.4
LOANS & DISCOUNTS	1,159.2	1,110.5	1,277.2	1,308.3	1,213.8	1,367.2	1,520.8	1,590.9	1,559.5	1,509.6
OTHER ASSETS	141.9	147.5	139.3	146.4	143.8	168.7	171.3	167.6	160.8	167.1
TOTAL ASSETS	2,215.8	2,331.5	2,486.0	2,499.0	2,383.1	2,580.9	2,753.3	2,865.3	2,765.5	2,741.2
DEMAND DEPOSITS	638.5	780.1	819.3	812.0	762.5	826.4	944.2	1,011.7	938.8	930.3
TIME DEPOSITS	1,109.8	1,082.2	1,196.2	1,259.3	1,161.9	1,305.0	1,311.2	1,356.0	1,325.8	1,324.5
OTHER LIABILITIES & CAPITAL	467.5	469.2	470.5	427.7	458.7	449.5	498.0	497.6	500.9	486.5

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	232.6	235.7	290.2	315.3	268.4	320.2	327.8	330.6	339.4	329.5
NEW SAVINGS RECEIVED	78.1	144.6	108.4	98.3	107.4	104.0	104.0	106.7	88.2	100.7
WITHDRAWALS	85.5	93.8	88.0	98.3	91.4	101.5	106.3	103.4	106.7	104.5
CHANGE IN MORTGAGE PORTFOLIOS	-1.8	5.3	13.2	0.6	4.3	-2.5	17.2	12.6	8.7	9.0
NEW LENDING	6.6	22.2	20.2	14.0	15.7	7.6	32.6	33.6	35.2	27.2
MORTGAGE RATE (%)-SEATTLE	12.0	13.7	12.4	13.0	12.8	12.7	12.5	12.4	12.5	12.5

THE FORECAST PERIOD IS 1980:3 TO 1986:4

CONTROL1080

TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1982:1	1982:2	1982:3	1982:4	ANNUAL AVG. 1982
CASH & DUE FROM BANKS	328.6	357.1	412.1	398.9	374.2
SECURITIES	671.9	755.7	881.2	810.5	779.8
LOANS & DISCOUNTS	1,543.0	1,641.2	1,732.9	1,739.0	1,664.0
OTHER ASSETS	172.0	179.7	178.0	174.9	176.1
TOTAL ASSETS	2,715.4	2,933.6	3,204.1	3,123.3	2,994.1
DEMAND DEPOSITS	888.3	1,013.8	1,096.9	1,026.5	1,006.4
TIME DEPOSITS	1,320.2	1,366.7	1,524.0	1,503.0	1,428.5
OTHER LIABILITIES & CAPITAL	506.9	553.1	583.2	593.8	559.2

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	326.3	319.3	334.6	350.8	332.7
NEW SAVINGS RECEIVED	91.4	116.0	118.9	97.1	105.8
WITHDRAWALS	103.7	105.9	108.2	114.6	108.1
CHANGE IN MORTGAGE PORTFOLIOS	1.5	6.5	14.5	6.5	7.3
NEW LENDING	21.0	40.2	40.6	41.6	35.9
MORTGAGE RATE (%)-SEATTLE	12.6	12.6	12.7	12.8	12.7

THE FORECAST PERIOD IS 1980:3 TO 1986:4

S0310-3

THE ALASKA ECONOMIC INFORMATION AND REPORTING SYSTEM

QUARTERLY REPORT JANUARY 1981

STATE OF ALASKA
JAY S. HAMMOND, GOVERNOR

RONALD LEHR, DIRECTOR
DIVISION OF BUDGET AND MANAGEMENT

DAVID M. REAUME
CONSULTING ECONOMIST

MAR 10 1981

FORWARD

This issue of the AEIRS **Quarterly Report** presents a sector by sector report of 1980 Alaska economic activity. It replaces the **Alaska Economy Year End Performance Report**, normally published at this time. The April 1981 issue of the AEIRS **Quarterly Report** will return to the standard format for this series. At that time, a long term forecast (through 1990) will be presented.

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SUMMARY AND FORECAST

Alaska's 1980 economic performance was mixed, with some industries showing small income and employment gains over 1979 and others showing small losses. At year's end, however, the signs of future progress were there for all to see.

Alaskan Northwest Natural Gas Transportation Company announced two agreements with Prudhoe Bay gas producers that renewed hopes of arranging private sector financing for the gasline.

Congress finally passed an Alaska lands bill late in the year (a slightly amended version of the so called Tsongas Substitute), which was subsequently signed by the President.

Although the Governor's Permanent Fund Dividend plan is still awaiting a U.S. Supreme Court decision, State income tax repeal and the rebate of 1979 taxes were enacted and partial payments have been made.

Final 1980 U.S. Census population counts have been released and show a total State resident population of 400,331 as of April 1, 1980. The official counts for Anchorage, Fairbanks North Star Borough and Juneau were 173,992 (Anchorage), 53,799 (North Star Borough) and 19,483 (Juneau).

Based on preliminary data for the first three quarters of 1980, Alaska nonagricultural employment grew about 1.0 percent and resident personal income 15.0 percent, on an annual basis 1980 over 1979. The Anchorage all urban consumer price index rose 10.7 percent between November 1979 and November 1980.

LOOKING AHEAD TO 1981 and 1982

Strong State Government spending and well financed State Government loan programs carried Alaska through the post-oil pipeline period. Showing the way in 1981.and 1982 will be continuation of this State presence along with (i) a continued surge in mineral exploration and development; (ii) steady growth of the tourist industry; and (iii) the entry of Alaska's regional Native corporations into a variety of businesses, following the advance payment of $293 million in settlement claims (authorized in the fiscal 1981 State budget), and the final conveyance of Native lands.

Alaska's fishing industy has the least encouraging outlook. The shrimp fishery is in distress following a 1980 season marked by declining catches, protracted price negotiations between processors and fishermen and charges of poaching. Both the 1980 Chignik Bay and the 1980. Yakutat shrimp fishery were closed early by the Alaska Department of Fish and Game. With the Departent of Fish and Game now forecasting a 32 percent reduction Statewide from 1980 in the salmon catch and with inflation adjusted prices for most fish and shellfish species still low relative to 1979, the outlook for the 1981 fishing season is uncertain.

The text table provides a summary forecast of Alaska economic activity in 1981 and 1982. A more complete forecast will be presented in the **April 1981 Quarterly Report of the Alaska Economic Information and Reporting System** (AEIRS **Quarterly Report**).

THE ALASKA ECONOMY
PERFORMANCE SUMMARY
1977 to 1982

	History			Forecast		
	1977	**1978**	**1979**	**1980**	**1981**	**1982**
Population, Mid-Year 1/	408,300	411,200	406,200	403,000	413,478	423,401
Percent Change	+0.8	+0.7	-1.2	-0.8	+2.6	+2.4
Nonagricultural Employment	166,066	163,191	166,549	167,715	176,268	183,495
Percent Change	-4.3	-1.7	+2.1	+0.7	+5.1	+4.1
Resident Personal Income 2/	4.313	4.369	4.568	5.253	5.962	6.600
Percent Change	+2.8	+1.3	+4.6	+15.0	+13.5	+10.7
Anchorage CPI (1967=1.000) 4/	1.751	1.875	2.070	2.280	2.472	2.685
Percent Change	+6.7	+7.1	+10.4	+10.1	+8.4	+8.6
Bank Deposits 3/	1,607.0	1,749.1	1,794.2	1,955.7	2,288.0	2,471.0
Percent Change	+9.2	+8.8	+2.6	+9.0	+17.0	+8.0
Savings and Loan Deposits 3/	206.0	216.3	220.7	268.4	329.5	332.8
Percent Change	+18.7	+5.0	+2.0	+21.6	+22.8	+1.0

1/ Includes Military.

2/ Billions of dollars. Revised.

3/ Millions of dollars. Average of January, April, July, and October end of month deposits for S&L's; average of March, June, September, and December end of month deposits for banks.

4/ Index for all urban workers.

Note: Nonagricultural employment in 1977 exceeds present published Alaska Department of Labor estimates by the amount of an upward revision in local government employment.

The forecast presented in the summary table is a judgementally adjusted version of that published in the November 1980 AEIRS Quarterly Report. Population estimates for 1980, 1981 and 1982 have been benchmarked to the 1980 Census. Additional changes reflect (i) additional (1980:2) data on employment and personal income; (ii) the September 30, 1980 bank call report data; (iii) savings and loan deposit data through November 1980; and (iv) other information taken from informal surveys and interviews.

The Alaska outlook is positive despite continued high interest rates and a possible worsening of national economic conditions largely because the public presence is so dominant. Illustrative of what is meant by this statement is the situation in the mortgage market. For the year ended December 31, 1980, the Alaska Housing Finance Corporation (AHFC) purchased $299.7 million in mortgages on both new and existing housing units at an average interest rate of 9.8 percent. During the same period, the U.S. Census Bureau estimates that only $101 million in new residential housing units were authorized in Alaska. Since approximately one-fourth of all AHFC mortgage purchases were for new housing units, as much as 70 percent of all new Alaska housing units authorized in 1980 were AHFC financed.

FINANCIAL DEVELOPMENTS

For the year ending October 31, 1980, Alaska savings and loan association deposits show an increase of $103.5 million (45.0 percent), due almost entirely to a $97 million gain in issues of jumbo certificates of deposit (denominations of $100,000 or more). Indeed, after adjusting for inflation, S&L deposits other than jumbo certificates of deposit fell 4.1 percent over the period.

Data for September 30, 1980 show that Alaska commercial and mutual savings bank deposits grew $205.5 million for the year ending that date, or 10.8 percent. Adjusted for the gain in the Anchorage All Urban Consumer Price Index, this amounts to an increase of 2.3 percent, achieved despite a 3.9 percent drop in real (inflation adjusted) government deposits. Real private sector deposits grew 4.4 percent over the period.

DEPOSITS BY REGION

The Federal Deposit Insurance Corporation for commercial banks and the Federal Home Loan Bank Board for savings and loan associations produce deposit totals by branch. We have aggregated these data by region, and have published the results in the text table. The results reveal some important differences in regional trends.

Savings and loan deposits in both Anchorage and Southeast Alaska held up well during the post oil pipeline period (1977 to date), with Anchorage deposits showing modest growth throughout the period. In Fairbanks and the rest of the State, deposits reached a pronounced peak in 1977 and have fallen steadily ever since. As of March 1980 savings and loan deposits in Fairbanks had returned to prepipeline levels.

Bank deposits were considerably less volatile during the 1977 to 1980 period than S&L deposits. While it is impossible to tell from the data exactly why this is so, a strong possibility is that banks had depended relatively less on the small saver than had S&L's. Given the recent large gains in jumbo certificates of deposit (CD's) issued by the S&L's (after March 1980) this may no longer be true. As is so often the case, however, the cure may be only temporary. Jumbo CD's are extremely sensitive to changes in interest rates. As fast as their sales grew, they can decline.

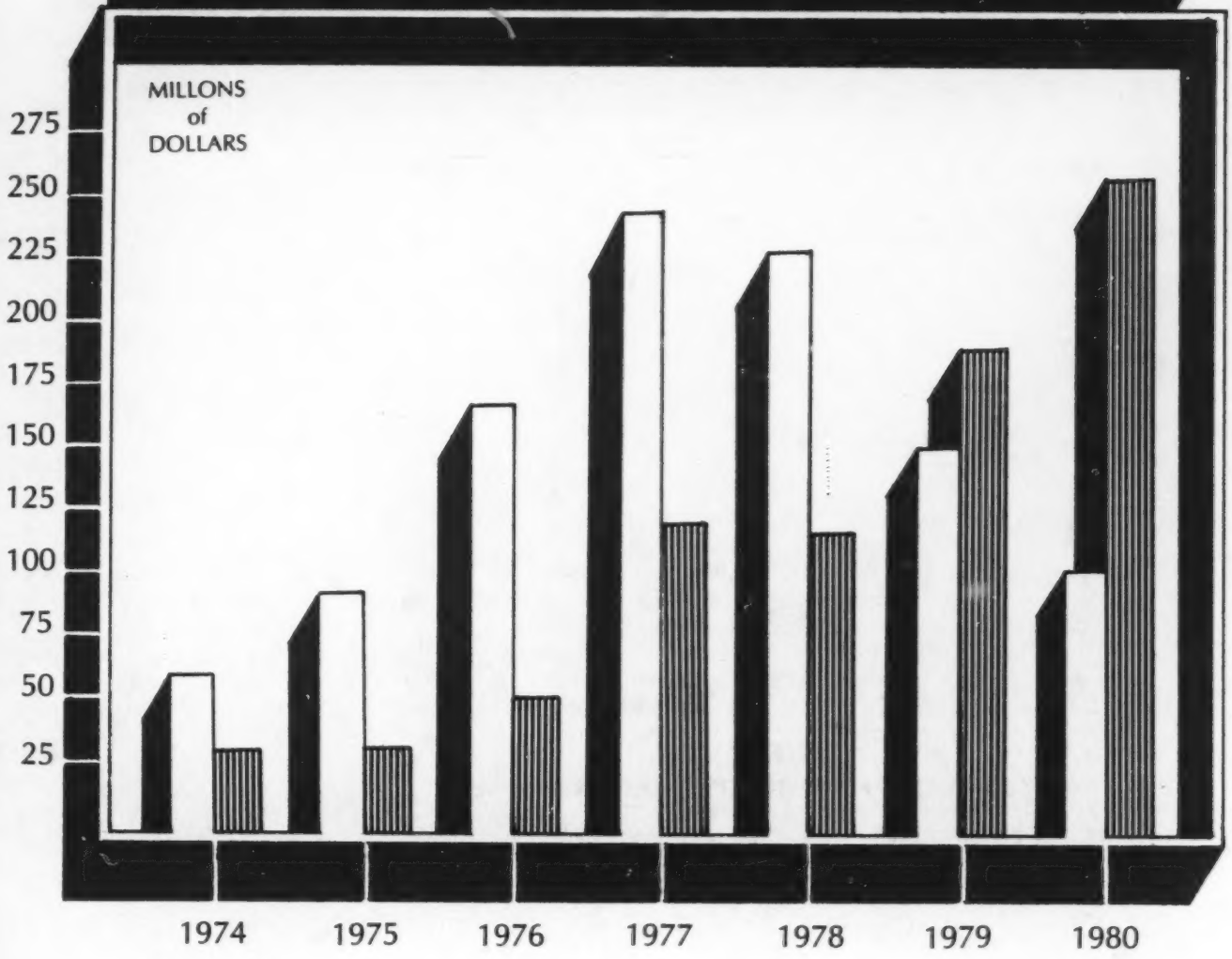
ALASKA HOUSING FINANCE CORPORATION

The Alaska Housing Finance Corporation (AHFC) is a tax exempt public corporation whose purpose is to assist in the financing, development, sale and rental of dwelling units. The corporation's principal programs are its Housing Mortgage Program and its Insured Mortgage Program.

For the AHFC fiscal year ended November 30, 1980, the corporation purchased mortgages worth $261,316,749 at an average interest rate of 9.8 percent. Of this amount, 78 percent or $203,829,726 was in conventional mortgages, with the remainder in FHA or VA mortgages. Overall, the corporation purchased 3,581 mortgages at an average price paid per mortgage of $72,973, or approximately 96 percent of appraised property value, on average.

In December 1980, AHFC purchased an additional $55.2 million in mortgages.

A COMPARISON OF AHFC MORTGAGE PURCHASES AND THE VALUE OF NEW HOUSING UNITS AUTHORIZED



LEGEND

VALUE OF NEW HOUSING UNITS AUTHORIZED IN ALASKA, CALENDAR YEARS, U.S. CENSUS BUREAU ESTIMATES

AHFC MORTGAGE PURCHASES, YEAR ENDING NOV. 30

SOURCE: Alaska Housing Finance Corporation, U.S. Bureau of Census

Since 1977 AHFC has become the most important source of housing capital in Alaska. If data from different sources are not too inconsistent, it appears that AHFC financed in excess of 70 percent of the newly constructed housing units in Alaska last year. For calendar year 1980, the U.S. Census Bureau estimates that residential units valued at approximately $101 million were newly authorized. All told, AHFC purchased $299.7 million in mortgages for existing and newly constructed residential units in calendar year 1980. Because high interest rates have closed off alternative sources of funds to borrowers, AHFC's presence has been increasingly felt.

ALASKA PERMANENT FUND—OVER $1 BILLION

In November 1976, Alaska voters approved Article IX, Section 15 of the Alaska Constitution establishing a Permanent Fund for the deposit of mineral-related revenue. The section reads in full:

> "At least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for Permanent Fund investments. All income from the Permanent Fund shall be deposited in the General Fund unless otherwise provided by law."

During the 1980 legislative session the Alaska Legislature (a) approved an increase in the percentage of mineral related revenue to be deposited into the Permanent Fund; (b) passed the Governor's Permanent Fund Dividend plan; and (c) authorized an additional $900 million deposit into the fund. Present law now sets the Permanent Fund contribution ratio at 50 percent (up from 25 percent) for all new discoveries and Beaufort Sea production.

Under the Permanent Fund Dividend plan one-half of fund earnings will be distributed to Alaska residents in the form of an equal dollar payment per "share" held. One full share is allotted to each Alaska resident of three years or more, eighteen years of age or older, for every year of residency since 1959, the year of Statehood. At the present time the plan is suspended awaiting a U.S. Supreme Court challenge to the three year residency requirement.

As of November 30, 1980, the Alaska Permanent Fund had assets totaling $1.036 billion, earning an average yield to maturity of 11.34 percent.

FINANCIAL DEREGULATION

Early in 1980 the Congress passed and the President signed the "Depository Institutions Deregulation and Monetary Control Act of 1980." The act takes one of the first steps toward the deregulation of banks and other financial institutions. The following is a summary of its major provisions.

Title I, short-titled the "Monetary Control Act of 1980," strengthens the Federal Reserve Board's ability to control the nation's money supply by extending certain Federal Reserve requirements to institutions which are not members of the Federal Reserve System. Chief among these provisions are: (1) all depository institutions offering nonpersonal time de-

ALASKA PERMANENT FUND
COMPOSITION OF INVESTMENT HOLDINGS
(Thousands of Dollars)

ASSET TYPE	November 30 1979	November 30 1980
Cash Deposits		
Savings	73.0	75.9
Purchased Interest Receivable	156.9	97.9
Repurchase Agreements	2,800.0	4,800.0
Short Term Issues	93,130.2	339,393.3
Intermediate/Long Term Issues		
U.S. Treasury Notes & Bonds		
1-5 years	60,402.6	595,337.8
over 5 years	34,973.9	34,973.9
Certificates of Deposit	—	35,000.0
Federal Agency Securities	13,004.2	13,004.2
Corporate Bonds	13,487.6	13,487.6
TOTAL INVESTMENT HOLDINGS	$218,028.4	$1,036,170.5

Source: Alaska Department of Revenue, Treasury Division "Alaska Permanent Fund, Monthly Investment Report."

ALASKA
COMMERCIAL BANK DEPOSITS
BY REGION OF DEPOSIT
(Thousands of Dollars, June 30)

CENSUS DIVISION	1975	1976	1977	1978	1979	1980
Aleutian Islands	1,248	1,356	NA	NA	NA	
Anchorage	751,728	808,312	893,300	1,006,101	1,002,459	
Angoon	NA	NA	NA	NA	NA	
Barrow-North Slope	3,984	16,134	30,483	7,251	7,118	
Bethel	6,770	6,975	7,950	8,747	10,354	
Bristol Bay Borough & Bristol Bay	3,111	3,308	4,572	7,901	18,403	
Cordova-McCarthy	9,150	10,552	11,447	11,601	15,994	
Fairbanks	215,493	256,065	244,890	275,465	255,768	
Haines	4,119	4,416	4,822	5,808	6,105	
Juneau	77,057	73,654	81,982	92,478	103,069	
Kenai-Cook Inlet	NA	NA	NA	NA	NA	
Ketchikan	48,505	49,855	60,421	65,298	71,330	
Kobuk	2,780	3,240	3,713	5,587	3,208	
Kodiak	20,236	24,146	28,399	32,853	38,342	
Kuskokwim	NA	NA	NA	NA	NA	
Matanuska-Susitna	18,208	22,568	21,428	27,180	24,022	
Nome	6,748	7,138	7,279	10,883	12,904	
Outer Ketchikan	1,093	1,202	1,403	2,297	4,062	
Prince of Wales	599	848	1,240	2,028	2,291	
Seward	5,721	6,325	8,553	10,452	11,351	
Sitka	20,991	23,577	25,830	29,665	35,592	
Skagway-Yakutat	2,826	4,525	6,098	7,427	8,524	
S.E. Fairbanks	5,918	8,035	6,130	7,268	6,248	
Upper Yukon	1,117	1,988	2,130	1,232	333	
Valdez-Chitina-Whittier	NA	NA	NA	NA	NA	
Wade Hampton	NA	NA	NA	NA	NA	
Wrangell-Petersburg	18,562	24,030	24,492	25,571	32,867	
Yukon-Koyukuk						
STATE TOTAL	1,282,228	1,437,820	1,568,000	1,751,160	1,791,060	1,862,354

NA - Not available from source document.

Source: Federal Deposit Insurance Corporation "Summary of Deposits for Alaska Census Divisions." State total from June 30 call report.

ALASKA
SAVINGS CAPITAL 1/
SAVINGS AND LOAN ASSOCIATION
BY REGION OF DEPOSIT
(Thousands of Dollars)

	1975		1976		1977		1978		1979		1980
CENSUS DIVISION	**March**	**Sept.**	**March**	**Sept.**	**March**	**Sept.**	**March**	**Sept.**	**March**	**Sept.**	**March**
Anchorage	59,647	69,957	72,524	80,914	79,722	86,376	84,679	94,769	98,388	102,202	110,596
Fairbanks - North Star	25,583	30,170	33,239	32,987	33,576	36,137	32,841	27,639	25,832	25,667	24,737
Southeast Alaska	40,254	43,914	50,208	51,606	55,773	60,804	64,508	71,650	70,056	73,366	71,760
All Other	4,944	8,197	12,053	18,024	23,701	38,326	30,426	28,230	24,133	26,752	24,757
State Total	130,428	152,238	168,024	183,531	192,772	221,643	212,454	222,288	218,409	227,987	231,850

1/ Passbook deposits and certificates of deposit and other similar instruments.

Source: Federal Home Loan Bank Board

posits or transaction accounts (checking, N.O.W., automatic transfer, share draft, and similar types of accounts) are now subject to the Federal Reserve's Reguation D, reserve requirements; and (2) any depository institution offering transactions accounts can borrow from the Federal Reserve System under the same conditions as members. Nonmember institutions will have their reserve requirements phased in over eight years.

Title II, short-titled "The Depository Institutions Deregulation Act of 1980" (1) mandates that interest rate ceilings on deposits be raised one-half percentage point every year unless economic conditions warrant otherwise; (2) cancels the authority to set interest rates on deposits of the Federal Reserve, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board and the National Credit Union Administration after January 1, 1990 unless "an extreme economic emergency exists." Before then it transfers that authority to a six-member Depository Institutions Deregulation Committee, made up of the heads of those agencies plus the Secretary of the Treasury and the Comptroller of the Currency.

Title III authorizes automatic transfer accounts at credit unions and Negotiable Order of Withdrawal accounts and raises the deposit insurance ceiling offered by the Federal Deposit Insurance Corporation from $40,000 per depositor to $100,000 per depositor. In addition, it mandates that any person who had an account at the Alaska USA Federal Credit Union prior to its termination date may continue to be a member for two years.

Title IV increases the types of investments that credit unions may make.

Title V amends State usury laws as follows: (1) usury ceilings on most first mortgage loans are abolished unless affected states reenact them within three years; (2) state usury ceilings on business and agricultural loans above $25,000 are abolished for three years, again subject to reenactment within three years; (after three years, a ceiling of five percentage points above the district Federal Reserve Bank's discount rate will become effective) and (3) "State usury ceilings on all loans made by federally insured depository institutions (other than national banks), and small business investment companies will be permanently preempted subject to the right of affected states to override at any time." In order to override the act a state law, constitutional provision or other override proposal must "specifically refer to this act and indicate that the state intends to override the federal preemption the act provides." (Quotations are from the Conference Report accompanying the legislation, H.R. 4986, 96th Congress, 2nd session.)

GOVERNMENT

A 52.8 percent increase in Alaska State Government capital spending during fiscal year 1980 pushed total FY 1980 State Government spending to $1.645 billion, according to the Alaska State Division of Finance, a figure 15.2 percent above the fiscal 1979 level. An operating budget increase of only 4.7 percent kept down the overall rate of growth of State spending.

The fiscal year 1981 State Government budget authorized direct spending of $2.7 billion dollars, as well as (i) a $900 million payment into the Alaska Permanent Fund; (ii) a $350 million "rainy day" fund, or deliberate General Fund surplus held as a hedge against interruption in State Government revenue; (iii) $293 million in payments to Alaska Native Corporations (advance payments ultimately due under provisions of the Alaska Native Claims Settlement Act); and (iv) $244 million in loan programs.

Data for Alaska's local governments are compiled by the U.S Census Bureau, and are not yet available for fiscal year 1980. Details of Federal Government spending in Alaska for fiscal year 1980 (which ended September 30, 1980) will not be available for several months. In fiscal year 1979, federal spending in Alaska came to $1.932 billion.

RECENT TRENDS

Between FY 1975 and FY 1979, per capita Alaska State Government expenditure, exclusive of grants to local governments, grew at an annual average rate of 13.1 percent; a figure 5.3 percentage points higher than the 7.8 percent annual average gain in the Anchorage Consumer Price Index recorded for the same period. Per capita grants-in-aid from the State to Alaska local governments grew only 9.4 percent per year 1975-1979.

Spending by Alaska local governments outpaced the State performance by a wide margin over this period, recording an annual average gain in per capita spending of 21.0 percent.

A good part of the increase in local government spending is attributable to interest payments on public debt, which in fiscal 1979 came to $111.2 million, or 12.4 percent of total Alaska local government expenditure. Between fiscal 1975 and fiscal 1979, the outstanding debt of Alaska local governments grew from $510.6 million to $2,355.5 million, a gain of 361.3 percent, or 46.5 percent per year. At the end of fiscal 1979 the per capita debt burden of Alaska local governments stood at $5,801.72, up from $1,451.39 at the end of fiscal 1975.

Revenue bonds issued by the City of Valdez for port and oil terminal construction account for $1,287 million of the fiscal 1979 outstanding local government debt, according to **Moody's Municipals**. A point to note is that expenditure of the proceeds of the various Valdez oil terminal revenue bond issues is not recorded in the local government spending total. Instead, disposition of the proceeds appears in the Census Bureau's government statistics as a loan from the City of Valdez to the various oil companies using the terminal and port facilities. However, interest on the Valdez revenue bonds is recorded as a local government expenditure, and accounts for a major piece of the 1975-1979 increase in local government spending.

Although increased local government interest payments explain a healthy piece of the 1975-1979 gain in Alaska local government spending, they by no means tell the whole story. Even if per capita interest payments had remained unchanged over the period, per capita local government spending in Alaska would have risen 18.0 percent per year, or nearly 5.0 percentage points per year faster than Alaska State Government spending. The aggregate Alaska local government budget has shown a deficit each of the last five years for which data are available (1975-1979), and was $72 million in the red in fiscal year 1979, despite the $2.6 million surplus recorded by Anchorage, Alaska's largest local government.

GOVERNMENT EMPLOYMENT AND WAGES

Measured by ultimate source of income Alaska's economy is very much oil dependent, measured by sector of employment it is government dependent. In 1979 there were 78,731 civilian and military government employees in Alaska or 41.3 percent of total employment excluding the self-employed. Allowance for private sector jobs dependent on direct government spending, government loan programs, and the multiplier effect, leads quickly to the conclusion that 60 percent or more of the Alaska workforce is directly or indirectly dependent on government spending for its livelihood.

The text table provides estimates of government employment and payrolls by sector. Payroll per job in 1979 averaged $12,232 for active duty military personnel, $19,314 for local government workers, $20,645 for federal civilian employees, and $23,819 for State government workers. By way of comparison, corresponding private sector 1979 payrolls per job in Alaska ranged from a low of $12,750 in retail trade to a high of $41,271 in oil and gas extraction. In the absence of a detailed study of employee benefits and job descriptions, it is not possible to say whether or not public sector compensation is high, low, or about right when compared to private sector compensation.

GOVERNMENT JOBS AND PAYROLLS IN THE ALASKA ECONOMY
(Calendar Years)

	1977	1978	1979	1980[e]
Federal Civilian				
Number of Jobs	17,734	18,168	17,915	17,789
Payroll (Millions)	318.1	344.4	369.9	403.2
Payroll Per Job ($)	17,938	18,957	20,645	22,666
Active Duty Military				
Number of Jobs	24,958	24,658	24,198	24,000
Payroll (Millions)	273.0	288.0	296.0	321.0
Payroll Per Job ($)	10,938	11,680	12,232	13,375
State Government				
Number of Jobs	13,860	14,347	14,977	15,288
Payroll (Millions)	290.9	311.6	356.7	418.8
Payroll Per Job ($)	20,991	21,717	23,819	27,392
Local Government[1/]				
Number of Jobs	19,145	19,819	21,641	20,874
Payroll (Millions)	324.0	357.3	418.0	454.4
Payroll Per Job ($)	16,921	18,027	19,314	21,769

Sources: Alaska Department of Labor, U.S. Department of Commerce, Bureau of Economic Analysis.

e - Estimated

1/ Number of jobs and payroll for 1977 local government exceed present published Alaska Department of Labor estimates because of estimated underreporting in the official data prior to extension of the unemployment compensation program to all local government workers in 1978.

COMPARATIVE GOVERNMENT FINANCES

	— Level — (Millions of $)		— Per Capita — (Dollars)		1975-1979 Per Capita Rate of Growth (Percent Per Year)
	Fiscal 1975	Fiscal 1979	Fiscal 1975	Fiscal 1979	
TOTAL DIRECT EXPENDITURE					
Alaska State	619.2	1,171.3	1,760.09	2,884.98	13.1
Alaska Local	360.0	891.4	1,023.31	2,195.57	21.0
Alaska Combined	979.2	2,062.8	2,783.40	5,080.55	16.3
U.S. Combined	229,474.0	379,880.2	1,080.28	1,725.95	12.4
EDUCATION					
Alaska State	139.7	242.8	397.10	598.03	10.8
Alaska Local	161.3	328.1	458.50	808.12	15.2
Alaska Combined	300.9	570.8	855.60	1,406.15	13.2
U.S. Combined	87,858.1	119,285.1	413.60	541.96	7.0
PUBLIC WELFARE					
Alaska State	44.6	101.4	126.78	249.75	18.6
Alaska Local	0.4	0.9	1.14	2.22	18.2
Alaska Combined	45.0	102.3	127.92	251.97	18.6
U.S. Combined	27,191.0	40,098.0	128.01	182.18	9.2
HIGHWAYS					
Alaska State	128.9	143.0	366.40	352.22	-1.0
Alaska Local	17.3	36.1	49.18	88.92	16.0
Alaska Combined	146.2	179.2	415.58	441.14	1.5
U.S. Combined	22,527.7	28,453.5	106.05	129.28	5.1
NATURAL RESOURCES					
Alaska State	38.4	84.2	109.14	207.39	17.4
Alaska Local	N/A	N/A	N/A	N/A	--
Alaska Combined	N/A	N/A	N/A	N/A	--
All U.S. State Government[3/]	3,553.8	3,808.1	16.73	17.30	0.8
UNEMPLOYMENT COMP.					
Alaska State	23.5	82.4	66.79	202.96	32.1
Alaska Local	--	--	--	--	--
Alaska Combined	23.5	82.4	66.79	202.96	32.1
U.S. Combined	9,533.4	8,828.3	44.88	40.11	-2.8
INTEREST ON DEBT					
Alaska State	33.1	73.0	94.09	179.80	17.5
Alaska Local	21.5	111.2	61.11	273.89	48.2
Alaska Combined	54.6	184.2	155.20	453.69	30.7
U.S. Combined	8,782.1	12,944.3	41.34	59.04	9.3

Source: U.S. Bureau of Census, Governments Division, **Governmental Finances**

Notes: 1) State figures exclude grants to local government.

2) Natural resources expenditure includes fish and game and agriculture as well as the activities of the State departments of natural resources.

3) Local government expenditure for natural resources is not specifically identified in the data source.

FINANCES OF ALASKA LOCAL GOVERNMENTS
(Millions of Dollars, Fiscal Years)

	1975	1976	1977	1978	1979[P]
All Local Governments					
Expenditure	409.7	475.7	598.9	657.2	891.8
Revenue	379.8	462.7	537.7	651.5	819.8
(Deficit) or Surplus	(29.9)	(13.0)	(61.2)	(5.7)	(72.0)
Debt Outstanding end of Fiscal Year					
Long Term*	510.6	551.9	1,380.7	2,064.8	2,355.5
Short Term	9.2	2.4	2.8	0.9	--
Cash and Security Holdings, End of Fiscal Year	149.0	180.4	344.3	359.8	607.5
Net Increase or (Decrease) in Other Assets*	13.7	(9.9)	604.1	666.7	(29.9)
Municipality of Anchorage					
Expenditure	NA	242.9	249.1	298.1	324.0
Revenue	NA	210.4	234.4	279.1	326.6
(Deficit) or Surplus	NA	(32.5)	(14.7)	(19.0)	2.6
Debt Outstanding End of Fiscal Year					
Long Term	NA	333.0	368.0	396.4	443.6
Short Term	NA	2.1	--	--	--

Source: U.S. Bureau of Census, **Governmental Finances** (an annual publication).

* $1,287 million of the $1,512.9 million 1977-1978 increase in long term debt outstanding was issued by the City of Valdez (revenue bonds) for the construction of the Valdez pipeline terminal. Expenditure of the proceeds is not recorded in the source document as governmental expenditure but rather as a loan by the City of Valdez to the participating oil companies.

P - Preliminary

NA - Not Available

HARD MINERALS

Preliminary U.S. Bureau of Mines data show that 1980 mineral production in Alaska (excluding coal, oil and gas) included 40,000 short tons of sand and gravel; 3,417 troy ounces of gold, and small quantities of stone, tin, gemstones, copper, silver and lead.[1] The total (preliminary) value to the producers, as officially estimated by the U.S. Bureau of Mines, was $104.5 million.

A surge of prospecting hit the State in 1980, spurred by gold prices that topped $600 per ounce (New York) for much of the year. Further stimulus was added by the February announcement by the Alaska Department of Natural Resources that "gold, silver, copper and lead sulfides were discovered in massive pyrititic outcrops during a 1979 reconnaissance geologic mapping program in the northcentral Chugach Mountains." The so-called Nelchina deposit lies "about 21 miles south of the Glenn Highway and about ½ mile south of the terminus of the Nelchina Glacier." (Quotations are from Alaska Open File Report 126 "Reconnaissance Geology of the Nelchina Glacier Deposit, North Central Chugach Mountains.")

Three recent developments signal the beginning of a new mineral exploration boom in Alaska: (1) the D2 Alaska lands settlement reached in late 1980 (see the summary elsewhere in this publication); (2) a growing awareness of the dangers of continued U.S. dependence on unstable or unfriendly nations for many strategic minerals; and (3) sharp increases over the past several years in the prices of many minerals known to occur in Alaska.

Testimony abounds to the increased awareness of the country's resource dependence on other countries. Recently, the popular press has begun to convey the message. In a series of articles published nationally, John Harris of Hearst's Washington Bureau described the "Resource War" that is "threatening the United States." Harris quoted now Secretary of State Alexander Haig as testifying before Congress that we face "the severest consequences to the existing economic and security framework of the free world if the U.S. mineral problem remains unsolved" (Seattle Post-Intelligencer, November 19, 1980, pg. C12).

The accompanying chart graphically illustrates the extent of U.S. dependence on foreign nations for minerals known to occur in Alaska.

GAINS IN METALS PRICES

Although many metals price increases slowed or even reversed to decline in 1980, two year average price increases for a number of strategic metals exceeded ten percent, with some showing very large gains. Not surprisingly, gold and silver showed very high two-year average

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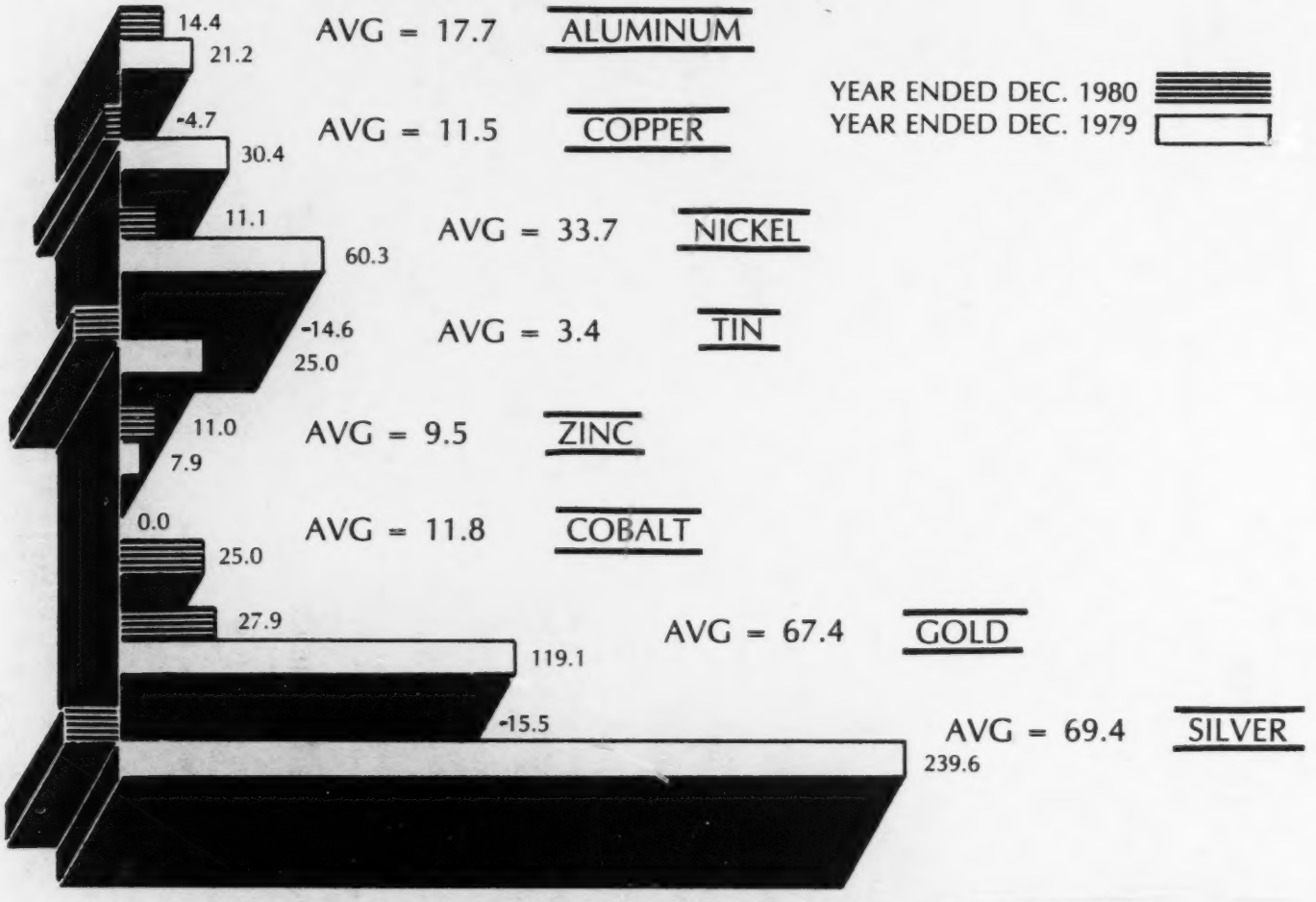
1/ Several knowledgeable observers have suggested that the official gold production estimates may equal no more than 5.0 percent of total annual gold production. According to these observers, Alaska gold production in 1980 approached 70,000 troy ounces, valued in excess of $30 million.

SELECTED METALS PRICE INCREASES, PERCENT (DECEMBER TO DECEMBER)



BASED ON PERCENT CHANGES IN U.S. PRODUCER PRICE INDEXES FOR, RESPECTIVELY, PRIMARY ALUMINUM, COPPER POWDER, NICKEL CATHODE SHEETS, GRADE A PIG TIN, PRIME WESTERN SLAB ZINC, COBALT, REFINED GOLD, REFINED SILVER BARS .999 FINE

U.S. NET IMPORT RELIANCE OF SELECTED MINERALS AND METALS AS A PERCENT OF CONSUMPTION IN 1978

MINERALS AND METALS	NET IMPORT RELIANCE* AS A PERCENT OF APPARENT CONSUMPTION**	MAJOR FOREIGHN SOURCES (1974-1977)	Probable or Known Occurence in Alaska?
	0% 25% 50% 75% 100%		
COLUMBIUM	100	BRAZIL, THAILAND, CANADA	NO
MICA	100	INDIA, BRAZIL, MALAGASY REPUBLIC	NO
STRONTIUM	100	MEXICO, SPAIN	+
MANGANESE	98	GABON, BRAZIL, SOUTH AFTRICA	NO
TANTALUM	97	THAILAND, CANADA, MALAYSIA, BRAZIL	NO
COBALT	97	ZAIRE, BELG-LUX, ZAMBIA, FINLAND	NO
BAUXITE & ALUMINA	93	JAMAICA, AUSTRALIA, SURINAM	NO
CHROMIUM	92	SO. AFRICA, U.S.S.R. SOUTHERN RHODESIA, TURKEY	+
PLATINUM — GROUP METALS	91	SOUTH AFRICA, U.S.S.R., UNITED KINGDOM	+
ASBESTOS	84	CANADA, SOUTH AFRICA	+
FLUORINE	82	MEXICO, SPAIN, SOUTH AFRICA	+
TIN	81	MALAYSIA, BOLIVIA, THAILAND, INDONESIA	+
NICKEL	77	CANADA, NORWAY, NEW CALEDONIA, DOMIN. REP	+
CADMIUM	66	CANADA, AUSTRALIA, BELG-LUX., MEXICO	+
ZINC	62	CANADA, MEXICO, AUSTRALIA, BELG-LUX	+
POTASSIUM	61	CANADA, ISRAEL, W. GERMANY	NO
SELENIUM	61	CANADA, JAPAN, YUGOLSAVIA, MEXICO	NO
MERCURY	57	ALGERIA, CANADA, SPAIN, MEXICO, YUGOSLAVIA	+
GOLD	54	CANADA, SWITZERLAND, U.S.S.R.	+
TUNGSTEN	50	CANADA, BOLIVIA, PERU, THAILAND	+
ANTIMONY	48	SOUTH AFRICA, BOLIVIA, CHINA	+
SILVER	41	CANADA, MEXICO, PERU, UNITED KINGDON	+
BARIUM	40	PERU, IRELAND, MEXICO	+
TITANIUM	39	CANADA, AUSTRALIA	+
GYPSUM	34	CANADA, MEXICO, JAMAICA, DOMIN, REP.	+
IRON ORE	29	CANADA, VENEZUELA, BRAZIL, LIBERIA	+
VANADIUM	27	SOUTH AFRICA, CHILE, U.S.S.R.	+
COPPER	19	CANADA, CHILE, PERU, ZAMBIA	+
LEAD	11	CANADA, MEXICO, PERU, AUSTRALIA	+
SULFUR	10	CANADA, MEXICO	+

Net Import Reliance = imports-exports + adjustments for government and industry stock exchanges.

**Apparent Consumption = U.S. primary + secondary production + net import reliance.*

SOURCE: Bureau of Mines, U.S. Department of the Interior (import export data from Bureau of the Census).

price increases of 67.4 percent and 69.4 percent, respectively. The two year silver price increase is particularly worthy of note since it shows that despite the bursting of the Hunt Brothers silver bubble, prices are still substantially above the level of two years ago.

Many foreign producers of minerals have banded together in an attempt to emulate the Organization of Petroleum Exporting Countries. Much of the gain in metals prices seen the last two to three years is the result of price increases imposed by foreign producers and foreign cartels (such as the International Bauxite Association formed in 1974). Just as the cartels raised prices when they felt it was to their advantage to do so, they could reduce prices if they believe it would discourage competing developments in promising areas outside their sphere of control. For this reason, one can expect the bulk of development activity in Alaska to focus on metals such as gold and silver until such time as the U.S. mining industry perceives that either federal price supports (stockpiling) or fundamental supply-demand conditions justify additional exploration and development expenses for other minerals.

COAL

The State's only operating coal mine is the Usibelli mine at Healy. In the past, the principal use for its coal has been electric power generation for the Fairbanks area. Annual production has been in the 600 thousand to 700 thousand ton range.

According to a recent Bureau of Mines report, Alaska's coal resources are in the neighborhood of 130 billion tons. While about 90 percent of this estimated total lies north of the Brooks Range, the Beluga-Chuitna area of the Susitna field (across Cook Inlet from Anchorage) is considered to have high potential. At this writing, several proposals for either gasifying/liquifying Beluga coal or exporting Usibelli coal have been discussed.

OIL AND GAS

During the first two calendar quarters of 1980 oil and gas industry employment in Alaska averaged 5,798 jobs, up from a 5,452 job average in the first two quarters of 1979. Much of the gain in employment was on the North Slope where water injection projects to increase pumping pressure at Prudhoe Bay, and the beginning of development of the Kuparek field added to manpower requirements.

From opening day in June 1977 through October 1980, the most recent month for which data have been released, Alaska's Prudhoe Bay field had produced nearly 1.5 billion barrels of crude oil (the precise figure is 1,460,173,383 barrels). In addition to oil, the Prudhoe Bay field, over the period, produced in excess of 1.3 trillion cubic feet of natural gas of which 88 percent has been reinjected.

During October 1980 Alaska wells produced 49.2 million barrels of crude oil and 77.8 billion cubic feet of natural gas, largely from Prudhoe Bay which accounted for 46.2 million barrels of crude oil (94 percent of the total) and 53.2 billion cubic feet of gas. Statewide production of natural gas net of reinjection stood at 18.9 billion cubic feet for the month.

On a daily basis, October 1980 Alaska net production averaged 1.59 million barrels of crude oil and 609.7 million cubic feet of natural gas.

ALASKA OIL COMPANY

In 1980 the Alaska Petrochemical Company (ALPETCO) changed its name to the Alaska Oil Company (AOC), and renegotiated its contract with the State of Alaska. Under terms of the new contract, AOC is no longer committed to building a petrochemical plant processing 150,000 barrels per day of North Slope crude oil. Instead, AOC must design and engineer a plant capable of processing (in a yet-to-be determined manner) 100,000 barrels of crude oil per day, with no specific commitment to petrochemicals. The following is a brief comparison of the two contracts put together by the Alaska Department of Natural Resources.

> *Under the old Agreement, AOC was to meet various benchmarks and, if those benchmarks were met, AOC had an absolute right to the 150,000 barrels per day. Under the new contract, instead, AOC must, by December 31, 1981, present to the State plans for a fully designed and engineered facility capable of processing 100,000 barrels per day, along with all financing, including definitive documents, all construction contracts, and permits in place. At that time, the State has the absolute right to reject or approve the facility. If disapproved, the contract is terminated.*
>
> *Under the old Agreement, AOC only had to expend 1.5 billion dollars in "project costs," it did not have to actually complete the construction of the facility. Under the new contract, AOC must have completed the facility and actually have it processing crude oil by March 1, 1986, or the contract may be terminated at the Commissioner's sole discretion. Under the new contract, however, AOC must construct the approved facility rather than spending any fixed amount of dollars.*

Under the old agreement, AOC had the right to take 150,000 barrels per day beginning July 1, 1980. Under the new contract, AOC can take only 75,000 barrels per day until the facility is complete and processing crude, at which time they have the right to the 100,000 barrels per day.

The State has the right to fully monitor the compliance of AOC and their diligence, both in the design and construction phases. There are also other amendments not of the importance of the above.

Otherwise, the provisions of the old contract remain in force, such as the charitable foundation and the 30,000 barrels per day capacity for in-State energy fuels.

GAS LIQUIDS PETROCHEMICALS

The Dow Chemical Corporation and the Shell Oil Company agreed at mid year to conduct a feasiblity study aimed at determining the economic characteristics of and prospects for an Alaska gas liquids feedstock petrochemical industry. In return for financing and conducting the feasibility study, the DOW-SHELL group has received a "moral" right to first refusal of the State's royalty share of Prudhoe Bay gas liquids if they are offered for sale (excepting certain prior in-State claims). No contractual quid-pro-quo has been given. As of this writing, the study was still in progress. Members of the consortium include Dow Chemical Company, Asahi-Dow, Mitsubishi Chemical Industries, Shell Chemicals, the Alaska Interstate Company, the Alaska Interior Resources Company, Earth Resources Company, E.I. Dupont De Nemours, and the Mitsubishi Corporation. Doyon, Ltd., had been a member of the group, but withdrew in December.

ALASKA NATURAL GAS TRANSPORTATION SYSTEM (ANGTS)

Although controversy over the financeability of the $7 billion (1980 dollars) Alaska segment of the proposed pipeline still remained at year's end, 1980 was a year of marked progress.

Under an agreement dated June 19 1980, Exxon, Arco, and Sohio have pledged to pay a portion of the costs of planning and designing the Alaska segment and the $2 billion gas conditioning plant. The press release issued at the time the agreement was announced rather firmly indicated that the latter would be built on the North Slope, and not in Fairbanks. Fairbanks officials had hoped the conditioning plant would be located nearby.

In another agreement also signed June 19, Alaskan Northwest Natural Gas Transportation Company and the same three Prudhoe Bay producers determined to seek a way to enable the producers to help finance the pipeline project itself. Provided Congressional and Presidential concerns over the potential monopoly power inherent in producer pipeline ownership can be allayed, it may be possible to amend the 1977 legislation which prohibited producer participation. (The September 22, 1977 President's "**Decision and Report to Congress on the Alaska Natural Gas Transportation System**," ratified by Congress on November 2, 1977.)

PACIFIC ALASKA LNG

On December 30, 1980, Pacific Gas and Electric Company of California (PG&E) announced that it will cut its financial participation in the Point Conception LNG terminal and seek additional partners for the project. Up to 400 million cubic feet per day of the gas for Point Conception is supposed to come from Alaska's Cook Inlet fields.

A combination of unexpectedly slow growth in the California demand for natural gas, a large surplus of supply, and reported financial difficulties with Pacific Gas and Electric's Diablo Canyon nuclear project, prompted PG&E's retrenchment. Should the Point Conception terminal be abandoned altogether, there would be little reason to proceed with construction of the gas liquification facility presently planned for Nikiski on the Kenai Peninsula.

Pacific Gas and Electric contends that despite their difficulties, the project will not be scrapped.

PLANNED OIL LEASE SALES

According to the January 1981 proposed State five year leasing program presented to the first session of the 12th Alaska Legislature, there will be six State of Alaska oil lease sales held during the next two years. They are (1) Upper Cook Inlet, onshore and offshore, including the Susitna Valley (May 1981); (2) Cook Inlet south of the Kenai River, exempt acreage sale (July-September 1981); (3) Lower Cook Inlet offshore and onshore (January-March 1982); (4) Prudhoe Bay Uplands (April-June 1982); (5) Beaufort Sea submerged lands (April-June 1982); and (6) Middle Tanana Basin and Copper River Basin (July-September 1982).

Federal sales presently planned for 1981 and 1982 are the Lower Cook and Shelikof Strait sale planned for September 1981, and the St. George Basin-Norton Basin offshore sale planned for December 1982. Both will be coordinated with their companion State sales, although not necessarily held at the same time.

The U.S. Producer Price Index for fresh salmon dropped 17.1 percent in 1980 from its 1979 average. In June 1980 it was down 35.1 pecent from June 1979, a somewhat more meaningful comparison from the point of view of many Alaska fishermen.

Most species of bottomfish, including halibut, also showed price declines in 1980, both at dockside and after processing. In June the U.S. Producer Price Index for fresh processed fish was down 23.5 percent and that for unprocessed finfish down 17.5 percent from June 1979. Fallout from the 1980 price depression included the closing down of Alaska operations by New England Seafood Company, the purchase of their Alaska assets by other interests (principally the Southeast Alaska Native Corporation) and the takeover of Salamatof Seafoods by the Alaska Renewable Resources Corporation.

CATCH AND VALUE

Despite the heavy Bristol Bay red salmon escapement which took place during last minute price negotiations between fishermen and processors, the Alaska Department of Fish and Game estimates that the 1980 harvest of all species of salmon hit 110.3 million fish, the third largest in Alaska history, and the largest since 1936. Similar price disagreements between fishermen and processors in Kodiak and Cook Inlet may also have cut back harvest levels from what they might otherwise have been.

The text table provides estimates of the size of catch, value to fishermen, and processed value for the years 1975 through 1980. Data through 1978 are official Alaska Department of Fish and Game statistics. For 1979 and 1980, ADF&G preliminary catch estimates have been supplemented by National Marine Fisheries "joint venture" prices to fishermen for bottomfish, and various U.S. Bureau of Labor Statistics wholesale fish price indexes, in order to construct 1979, 1980 value estimates. Details of the estimation procedure are available upon request.

Although payments to domestic fishermen (ex vessel values) are estimated to have declined by 15.2 percent in 1980, they are nevertheless estimated to have exceeded 1978 levels in all three principal catch categories—salmon, other finfish, and shellfish. In total, domestic commercial fishermen, grossed $561 million last year, according to our (quite preliminary) estimates.

These figures are silent on the question of earnings net of costs and fishing effort, or earnings of fishermen classified by gear type and specific fishery. Although the current comprehensive data needed to answer these questions directly are not available, one can construct direct estimates of net earnings from the partial data which are available.

An Alaska fisherman's net income from fishing in a given fishery has three parts: (1) a return on the equity invested in the limited entry permit; (2) a return on the equity invested in the boat and other physical assets; and (3) a wage paid to himself or herself for the direct labor put into the fishery.

If the expected future value of these three income components is particularly high or particularly low, asset prices will rise or fall. When fishermen anticipate a good year, rela-

CATCH AND VALUE
ALASKA DOMESTIC FISHERIES
(Dollar Amounts In Thousands)

	1975	1976	1977[r]	1978[p]	1979[e]	1980[e]
SALMON						
Catch (Millions of Pounds)	140	246	307	390	443	460
Payments to Fishermen	56	118	171	244	326	250
Wholesale Value	134	245	327	434	NE	NE
OTHER FIN FISH						
Catch (Millions of Pounds)	58	54	51	60	96	118
Payments to Fishermen	19	24	22	34	62	41
Wholesale Value	27	29	37	34	NE	NE
SHELLFISH						
Catch (Millions of Pounds)	247	317	314	332	359	360
Payments to Fishermen	55	97	159	228	247	270
Wholesale Value	132	179	279	380	NE	NE
GRAND TOTALS						
Catch (Millions of Pounds)	445	617	672	782	898	938
Payments to Fishermen	130	239	352	506	635	561
Wholesale Value	293	453	643	848	1,145	1,085

Source: Alaska Department of Fish and Game

NE - Not estimated
e - Author estimates of value, Alaska Department of Fish and Game estimates of catch
p - Preliminary
r - Revised

tively few boats and limited entry permits are offered for sale and relatively many prospective fishermen wish to enter the fishery. As a result, boat prices and permit prices tend to rise.

It if is true, as some conjecture, that fishermen receive an important psychic income from fishing (if they really live to fish, as some would argue) dollar returns on investments in permits and boats would tend to be lower than returns on investments in other industries. On the other hand, given the riskiness and outright dangers of the fishing business, expected returns to fishing investors would tend to be higher than normal to compensate for the greater risk and danger. Assuming these effects precisely cancel (which they clearly need not do), it is possible to construct a rough estimate of the net expected dollar return to fishermen with limited entry permits (1980 dollars). The calculation uses data on permit prices, State boat loans, wages paid to hired deckhands; and market interest rates. We will use the Southeast Alaska power troll fishery as an example, and choose a market interest rate of 12 percent for all rate of return calculations. In addition, we will assume that 100 percent of the value of the limited entry permit is equity (owned free and clear) and that only 30 percent of the investment in physical assets is equity, with the rest debt finance.

Return to Permit Equity: The January 1981 issue of **Alaska Fisherman** listed two Southeast Alaska power troll permits for sale at prices of $31,500 and $34,000. At the midrange value of these prices ($32,750) and given the assumptions above, the expected annual dollar return on the permit is $3,930. A portion of this is an expected capital gain on the asset which may be positive (improving fishery) or negative (declining fishery). We will assume here that the expected capital gain is zero.

Return to Physical Assets: Given a $100,000 total investment (excluding the permit), 30 percent equity and 12 percent net return on equity, the expected net dollar return on the equity comes to $3,600 per year.

Wages: The average monthly wage to deckhands in the fourth quarter of 1979 was $2,391. Assuming a seven month effective Southeast power troll season (April 1 through October 31) and adjusting for inflation, suggests a wage of $2,500 per month or $17,500 for the seven month season.

The sum of the above three components of net earnings is $25,030. This should be interpreted as minimum required earnings to stay in the fishery, given our assumptions. It is worth noting that the United States Department of Labor estimates that an urban family of four living in Anchorage Alaska required $27,933 in the autumn of 1979 to maintain an "intermediate" standard of living.

FOREIGN CATCH

Foreign catch in the Alaska Fisheries Conservation Zone for 1980 has been estimated at 3.341 billion pounds, up slightly from 3.232 billion pounds in 1979. At sampled domestic prices, Alaska fishermen would have grossed $287.6 million (8.6 cents per pound) had they caught and sold the fish themselves. The corresponding 1979 figure was $384.7 million (11.9 cents per pound).

CANADIAN-AMERICAN TREATY

At year's end, negotiations were still in progress between the United States and Canada over the sharing of salmon harvests in coastal waters from Oregon to the Gulf of Alaska. Chief U.S. negotiator Lee Alverson was hopeful that the talks would reach a successful conclusion by early 1981.

There are four specific fishing areas for which formulas for joint harvesting are to be determined: (1) the Oregon-Washington coast; (2) the British Columbia coast south of Dixon Entrance (particularly the Fraser River system); (3) offshore north of Dixon Entrance; and (4) transboundary rivers north of Dixon Entrance, particularly the Yukon, Taku and Stikine Rivers.

As a general rule, harvest levels for both Canadian and U.S. fishermen are to be reset at 1971-1974 average levels. According to Dr. Alverson, fishery conservation is the guiding principle within which "fair" allocations are to be set. An outline of what has thus far been preliminarily agreed to follows.

Area 1	Harvests are to return to 1971-1974 levels within four years of treaty ratification.
Area 2	For the first 20 years after ratification, U.S. fishermen will receive 35 percent of the red salmon catch and 33 percent of the pink salmon catch, with a phase down to 1971-1974 catch levels over the following 24 years. An exception is the area off the west coast of Vancouver Island which is to return to 1971-1974 harvest levels within four years of treaty ratification.
Area 3	Harvest levels are to return to 1971-1974 levels within eight years (four years is the goal) except off Noyes Island, where U.S. fishermen will retrench to the 1976-1978 harvest level, an average catch above 1971-1974 levels but below the 1979-1980 average. The 1971-1974 Noyes Island catch was particularly low.
Area 4	Canadian fishermen will retrench to "below" 1979 harvest levels. The question of entitlement to fish bound for or in transboundary rivers is as yet unresolved. With respect to the Taku and Stikine River systems, the United States has taken the position that 50 percent of the fish bound for Canadian spawning grounds are U.S. fish, because of the time spent as smolts and young fish in U.S. portions of the river systems. No agreement has yet been reached on the apportionment of Yukon River salmon.

(The above outline is based on notes taken from a speech by Dr. Lee Alvorsen before the Alaska Board of Fisheries January 9, 1981.)

FOREST PRODUCTS

The Alaska forest products industry employed approximately 3,300 persons in 1980, chiefly in Southeast Alaska. The 1980 timber harvest on all lands (BIA, BLM, Forest Service, State and Native) is preliminarily estimated to have been 550 million board feet. Most of this volume (481.5 million board feet), came from U.S. Forest Service lands.

The 1980 season was marked by falling profits and rising inventories. Had it not been for the strike of 1979, which depressed year earlier activity even more, the timber harvest would have registered a decline instead of an estimated five percent increase. Logging operations near Ketchikan and Prince of Wales Island shut down early in September because of inventory accumulation at the local mill. In contrast, logging companies feeding the Japanese-owned mills at Sitka and Wrangell continued through the season.

ROUND LOG SALES

Alaska Native corporations are exempt from U.S. export restrictions against round (unprocessed) logs. The Sealaska Timber Corporation, a subsidiary of the Southeast Alaska Regional Native Corporation, reports sales of 34 million boardfeet of round logs in 1980, approximately 65 percent of which were exported to the Orient. The timber came from lands on Prince of Wales Island owned by the Craig Village Corporation and the Klawock Village Corporation. Sealaska Timber Corporation provides technical services to Southeast village corporations on a nonprofit basis.

Negotiations presently under way by Sealaska Timber are expected to lead to sales of 155 million board feet of round logs in 1981 to Japan, Korea, the People's Republic of China and, domestically, to two Southeast Alaska companies, Louisiana Pacific Ketchikan and Alaska Lumber and Pulp Company in Sitka. Logs for these sales are projected to come from village corporation lands on Long Island (Klukwan) at Hobart Bay near Juneau and on other lands near Hydaburg, Craig, Klawock, Kake, and Hoonah. In the long run, Sealaska Timber expects to maintain an annual timber harvest in the 250 million boardfeet to 350 million boardfeet range.

ALASKA TIMBER HARVEST
(Millions of Boardfeet)

	1976	1977	1978	1979	1980[P]
U.S. Forest Service	516.0	524.1	442.7	492.6	481.5
Bureau of Land Management	1.1	0.4	2.0	0.3	NA
Bureau of Indian Affairs	1.0	7.8	1.8	3.1	15.3
Native Lands	--	--	--	--	34.0
State	41.7	60.3	30.3	32.4	NA
TOTAL	559.8	592.6	476.8	528.4	

Source: Respective agencies. For the Bureau of Land Management the 1979 data are on a fiscal year basis (year ended September 30). For the Bureau of Indian Affairs the 1977, 1978, 1979 and 1980 data are for fiscal years ended September 30. All other data are on a calendar year basis.

AGRICULTURE

Alaska agriculture is characterized by much potential but not a great deal of current production. Despite high transportation costs from California and Washington, consumer products produced outside of Alaska are generally priced below the Alaska competition. An inability to take advantage of economies of scale (because the Alaska market is small) combines with relatively high wages and capital costs to more than offset the transportation cost disadvantage faced by the out-of-State producer.

Alaska's three largest farming areas in terms of the volume of crops produced are the Matanuska Valley, the Tanana Valley and the Kenai Peninsula.

Excluding acreage in large grazing leases, there was approximately 138,000 Alaska acres in farms in 1979. On January 1, 1980, the Alaska Crop and Livestock Reporting Service (ACLRS) estimates there were 310 farms in the State, up from 290 farms a year earlier. Crops were harvested from 20,000 acres in 1979, with the remainder of the 138,000 acres in pasture and uncleared lands. The ACLRS estimates that there are 15 million tillable acres in the State.

PRODUCTION - 1979

Data for 1980 have not as yet been published. According to the ACLRS, the total 1979 value of farm production in the State was $9.0 million, down from $9.2 million in 1978. Of the $9.0 million, only $6.7 million was cash receipts from farm marketing, a figure unchanged from 1978. The text table gives production volumes by major product.

DELTA BARLEY PROJECT

The 1980 year was the third field year for the project, Alaska's beginning effort at becoming a major grain producer. According to the Alaska Division of Agriculture, land clearing is ahead of schedule, with none of the participating farms in danger of not meeting their acreage quotas.

Results (preliminary) for 1980 showed 9,000 acres under barley cultivation in the Delta project (12,000 to 13,000 Statewide), with yields of over 80 bushels per acre. A wet autumn cut into the harvest, which came to approximately 6,800 tons for the project and 9,000 tons Statewide.

The State Division of Agriculture expects to sell 6,500 tons of barley before the next crop comes in at a price of $135 per ton, well below lower 48 prices F.O.B. Alaska. The barley will be used to feed meat and dairy animals.

Two events of note were the estimated $120,000 damage to crops in the project area inflicted by a runaway domestic buffalo herd (American Bison), and the construction of a complete fertilizer mixing plant by the Delta Junction Farmer's Cooperative. The plant purchases bulk urea from plants on the Kenai Peninsula and bulk phosphates and potash from outside Alaska.

POINT MCKENZIE AUCTION

The auction of 15,000 acres of farmland (less right-of-way) at Point McKenzie is set for March 6, 1981. Parcels of 320 acres and 640 acres will be offered on standard State terms. According to the Division of Agriculture, all roads are in, and access has been provided to all parcels.

VOLUME OF AGRICULTURAL PRODUCTION IN ALASKA

	Units of Measurement	Production (Thousands of Units Unless Otherwise Noted)				
		1960	1970	1977	1978	1979
CROPS						
Potatoes	cwt.	131.4	106.8	115.0	81.0	85.0
Barley	bu.	87.4	46.5	126.0[e]	150.0	287.0
Hay	tons	10.5	9.4	20.6	20.4	15.8
Silage	tons	20.2	13.6	11.6	12.1	12.4
Oats	bu.	79.8	22.5	19.7[e]	28.8	15.6
Other 1/	cwt.	20.2	15.9	20.0	19.9	23.5
LIVESTOCK & POULTRY						
Beef	lbs.	357.0	963.0	522.0	629.0	678.0
Pork	lbs.	151.0	135.0	195.0	261.0	221.0
Mutton	lbs.	12.0	52.0	24.0	36.0	24.0
Wool	lbs.	125.0	239.0	44.0	28.0	32.0
Reindeer 2/	lbs.	450.0	615.0	NA	NA	NA
Poultry	lbs.	55.0	73.0	118.0	150.0	170.0
Eggs	doz.	529.8	408.0	517.0	375.0	533.0
Milk	lbs.	20,400	18,600	16,400	14,800	13,000

NA - Not available
e - Units conversion from cwt. to bu. using 1978 bu./cwt.
1/ Cabbage, lettuce, carrots and other vegetables
2/ In 1975 production equaled 345 thousand pounds.

Source: "Alaska Agricultural Statistics," Alaska Crop and Livestock Reporting Service, P.O. Box 799, Palmer, Alaska 99645.

CONSTRUCTION

Measured by preliminary estimates of the levels of total construction employment and payrolls, 1980 appears to have been a year of bottoming out and some slight growth in the industry as a whole. The pattern of activity was uneven across sectors, with public construction accelerating and residential construction continuing its steady decline from its 1977 peak. Increased public sector construction spending, and particularly increased State Government construction spending made up for the slack in housing and private nonresidential construction.

Throughout the United States both residential construction and commercial industrial construction were held in check during 1980 by the high interest rate, anti-inflation policy of the Federal Reserve Board. Average mortgage rates topped 14.0 percent in some U.S. cities.

High interest rates reduce construction activity more than they reduce other forms of economic activity because new construction is financed in large part by borrowed money. Further contributing to the industry's sensitivity to high interest rates is the observed "deferrability" of many residential and nonresidential projects.

During the fiscal year ended November 30, 1980, the Alaska Housing Finance Corporation purchased $261.3 million worth of home mortgages, an an average rate of 9.8 percent. Approximately 65 percent of this money went to purchase existing homes rather than to build new homes. Although loans for the purchase of existing homes have little immediate impact on the construction industry, to the extent they help to lower the inventory of unsold homes, they tend to stimulate future residential construction activity. A point of interest is that in both 1979 and 1980 AHFC mortgage purchases exceeded the value of all new housing units authorized in the State.

In the 16 largest urban communities of Alaska, only 2,066 new housing units were authorized by building permits and public contracts during the first nine months of 1980 compared to 2,531 in the first nine months of 1979. The cumulative decline from 1977 (peak year) has now reached 70.0 percent. In 1977 there were 8,193 housing units authorized in these 16 urban communities (see text table).

CENSUS OF CONSTRUCTION INDUSTRIES

Every five years the United States Bureau of the Census records the level and type of activity in a variety of industries. Results of the 1977 Alaska Census of Construction Industries were published in August 1980. Some of the information gathered is shown in the text table. Worth noting is the fact that census data are compiled on an establishment basis. A construction establishment is defined to be a "relatively permanent office or other place of business where the usual business activities related to construction are conducted." A relatively permanent office "is one which has been established for the management of more than a single project or job and which has been or is expected to be maintained on a continuing basis." This definition excludes from the Alaska data many of the firms engaged in construction of the trans-Alaska oil pipeline (TAPS) during 1977. For this reason, the coincidence of the 1977 census year with TAPS construction may not unduly bias the reported data toward oil pipeline activity.

Measured by all business receipts, in 1977 construction was a $1.4 billion industry in Alaska. Of this total, new residential housing construction was approximately 20.1 percent, industrial buildings and warehouses 9.2 percent, other buildings 14.6 percent, highways and streets 15.1 percent, and other nonbuilding construction 4.7 percent. The remaining 36.3 percent or $518 million was, by imputation, largely TAPS construction by firms having an Alaska construction establishment.

Given the dramatic decline in housing construction since 1977 and the completion of TAPS it is probable that in 1980 total business receipts of Alaska construction establishments approximated $550 million, or about 38 percent of that reported in the 1977 census. Of this amount, 57 percent is estimated here to have been direct State construction work, with much of the remainder federal and local government work.

A curious feature of the post-oil pipeline experience in the construction industry is the relative constancy of the number of Alaska Department of Labor "reporting units" in the industry (employer worksites for which employment is reported individually). For the second calendar quarter of 1977, 1978, 1979 and 1980 the level of employment and the number of construction industry reporting units were:

Year	Reporting Units Second Quarter	Employment Second Quarter
1977	1,760	22,583
1978	1,807	12,572
1979	1,815	9,846
1980	1,717	10,474

The respective second quarter to second quarter percentage changes were:

Year	Q2 to Q2 Percent Change Reporting Units	Q2 to Q2 Percent Change Employment
1978	+2.7	-44.3
1979	+0.4	-21.7
1980	-5.4	+6.4

The constancy of the number of reporting units relative to the level of employment (and business receipts) is startling, even if we exclude 1977 from consideration. Until much additional research is done, however, any conclusions are extremely tentative.

ALASKA'S CONSTRUCTION INDUSTRY
SUMMARY STATISTICS
(Dollar Amount in Millions)

	1977	1978	1979	1980[e]
Employment	19,546	12,240	10,092	10,200
Payroll	836.2	432.7	352.4	405.7
Value of New Housing Units Authorized	243.2	234.1	150.9	101.1
State Government Construction Outlay[1/]	194.4	226.8	205.8	314.5
Local Government Capital Outlay[1, 2/]	384.0	354.7	185.5	--
Federal Government New Construction Obligations	39.5	51.8	35.1	--
Mortgages Purchased Alaska Housing Finance Corp.[3/]	122.7	117.8	190.0	261.3

e Author estimates based on part year data.
1/ By fiscal year.
2/ Local government figures include purchases of land, buildings and equipment, as well as direct construction outlays.
3/ For AHFC fiscal years ending November 30.

Source: Employment, Payrolls - Alaska Department of Labor
Value of New Housing Units - U.S. Bureau of Census (C-40 Reports)
State and Local Government Construction Outlay - U.S. Bureau of Census, Government Division
Federal Government Construction Obligations - Executive Office of the President, Community Services Administration

TOTAL HOUSING UNITS AUTHORIZED[a/] BY BUILDING PERMITS AND PUBLIC CONTRACTS IN SIXTEEN ALASKA URBAN COMMUNITIES[b/]

	1977	1978	1979	Jan.-Sept. 1979	Jan.-Sept. 1980
Anchorage	4,877	3,289	1,469	1,295	1,084
Cordova	12	4	27	27	26
Fairbanks[c/]	1,561	806	431	393	335
Homer	117	92	130	96	48
Juneau	429	351	356	300	256
Kenai	267	160	47	41	35
Ketchikan	175	104	130	112	85
Kodiak	241	258	50	37	49
Palmer	75	125	68	50	12
Petersburg	14	27	25	24	15
Seldovia	8	9	22	20	4
Seward	39	36	50	34	0
Sitka	159	104	62	43	54
Soldotna	177	69	40	29	26
Valdez[c/]	33	14	29	26	32
Wrangell	9	5	6	4	5
Total	8,193	5,453	2,942	2,531	2,066

a/ Includes mobile homes, additions and conversions where reported.
b/ Includes city and borough area combined for Anchorage, Fairbanks, Juneau, Ketchikan, Kodiak and Sitka.
c/ Excludes many mobile homes brought into the area.

Source: U.S. Department of Housing and Urban Development, Anchorage office.

ALASKA LANDS – D2

Shortly after the election of Ronald Reagan, the Congress passed the Tsongas-Jackson compromise Alaska Lands Bill which was subsequently signed by President Carter. The following nondefinitive summary of its provisions is taken from an Alaska Department of Natural Resources document comparing the Tsongas-Jackson bill to two competing bills, HR39 and S9. Detailed information on the status of Alaska lands, transportation corridors, and land use provisions is available from the Alaska Department of Natural Resources, Land Selection and Title Defense Section, 323 East 4th Avenue, Anchorage, Alaska 99501.

Conveyance of Statehood Lands

(a) Virtually all existing valid State lands and selections are excluded from restrictive "unit" classifications.

(b) Approximately 5 million acres of "interest lands" are included in the boundaries of conservation units and denied to the State of Alaska. High pricrity selections in the Yukon Flats, Chulitna, Ambler Valley, and Iliamna Lake regions are conveyed to the State. Approximately 25 million acres of other interest lands are conveyed.

(c) The law includes a comprehensive land conveyance title. Nearly 95 percent of the State's entitlement has now been conveyed.

Transportation and Access

(a) The law provides a comprehensive transportation title designed to streamline the various procedural requirements involved in obtaining rights-of-way for transportation or utility systems across Federal lands. The Secretary of Interior must share the decision making responsibility (with regard to access) with the heads of other appropriate federal agencies. Any applicant may appeal a right-of-way decision to the President, who may approve the application if (i) he finds approval to be in the public interest, (ii) the right-of-way and associated system is compatible with conservation purposes, and (iii) no economically feasible and prudent alternative route exists.

(b) Access for inholders within or effectively surrounded by conservation units is guaranteed but subject to "reasonable" regulation.

(c) Traditional private access for such purposes as hunting and recreation is ensured, subject to "reasonable" regulation. The Secretary of Interior can prohibit access ony where it can be demonstrated that significant resource damage is being caused by access, and after a hearing has been held in the area affected.

High Value Commodity Resources

(a) The Arctic Wildlife Range is excluded from wilderness and is subject to a multi-year oil and gas study program to assess its oil and gas potential and to determine the conflicts, if any, between oil development and wildlife resources. The status of Naval Petroleum Reserve Alaska is unchanged from prevous law and regulations.

(b) Six of nine major mineral discoveries are excluded from designations which would effectively preclude development. The six are Greens Creek, U.S. Borax Quartz Hill, Orange Hill, Chulitna, upper Ambler Valley and Squirrel River.

Extraction of nonleaseable minerals from 11 million acres in the latter three areas is precluded.

(c) The law designates 5.4 million acres of wilderness in the Tongass National Forest. The U.S. Forest Service is directed to offer 450 MMBF of timber for sale each year. Both the U.S. Borax Quartz Hill and Noranda's Greens Creek operations are permitted to be developed. Land exchanges for the Kootznoowoo and Shee-Atika Native Corporations are essentially completed, with Kootznoowoo receiving selection rights on Prince of Wales Island and Shee-Atika receiving lands on Northwest Admiralty Island.

Wildlife Management

(a) A provision specifically reaffirming the traditional relationship between the State and Federal Government is included.

(b) A subsistence preference, based on existing State law, is provided when a limitation on taking is required. The Secretary of the Interior is authorized to monitor State implementation of the subsistence preference, and under certain conditions can seek judicial review of the State's programs.

Sport Hunting

(a) The law closes approximately 25 million acres of federal lands to sport hunting. The Gates of the Arctic central preserve is given park status as are some parts of the Wrangell-St. Elias and Katmai conservation units. A portion of the Mt. McKinley unit is also designated a park, with much of the remainder placed in a preserve status.

(b) Hunting-related activities such as the construction of campsites and the location of equipment caches are ensured on all public lands where hunting is allowed.

(c) The State of Alaska continues to regulate the guide industry. There is no grandfather clause for guides included in parks and monuments.

(d) Sport hunting is statutorily recognized as a use for which wildlife refuges designated in the bill are to be managed.

(e) Trapping is authorized in park reserves.

Other Provisions

(a) The law protects inholdings owned by the State, Native corporations, or private individuals receiving title under the Alaska Native Claims Settlement Act or the Native Allotment Act from involuntary condemnation for purposes of addition to a conservation system unit. The Secretary of the Interior is required to make a determination that the inholding is causing significant detriment to the purpose of the conservation system unit, and must make a good faith effort to exchange other federal lands for the inholding prior to undertaking condemnation and purchase procedures.

(b) Long time occupants of residential cabins on federal land would be permitted to retain the use of their cabins so long as such use does not significantly impact the purpose of the conservation system unit. Occupancy is insured through the lifetime of the principal owner (subject to compliance with certain criteria) or through the continuous occupancy by the last surviving member of the immediate family currently living in the cabin.

(c) Fisheries and aquaculture activities are authorized in forest wilderness only.

(d) Alaskan national forests are exempt from further wilderness studies under RARE II.

(e) The 1978 National Monuments and executive withdrawals are revoked in the face of Congressional designations made in the new law. Additionally, the new law contains a provision limiting the duration of future executive withdrawals exceeding 5,000 acres to one year unless Congress approves the withdrawal (No More Clause).

S0310-3

THE ALASKA ECONOMIC INFORMATION AND REPORTING SYSTEM

QUARTERLY REPORT APRIL 1981

STATE OF ALASKA
JAY S. HAMMOND, GOVERNOR

RONALD LEHR, DIRECTOR
DIVISION OF BUDGET AND MANAGEMENT

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FORWARD

In this report we present and discuss our current CONTROL or "best judgement" forecast of the Alaska economy. While this is an econometric forecast in the sense that it has been made with the AEIRS quarterly econometric model, it is not solely the product of that model. Where it seemed appropriate we have judgementally adjusted the forecast to take account of recent information on the pace of economic activity, and have also fine tuned the model where preliminary testing suggested the need. This is standard practice and reflects the fact that economic model building is still an imperfect art.

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SUMMARY

The long term, ten year, forecast of the Alaska economy presented here shows decade average annual growth rates of 3.2 percent for resident population, 3.6 percent for nonagricultural wage and salary employment, 3.7 percent for real (inflation adjusted) resident personal income, and 9.4 percent for the level of consumer prices. These averages are not produced by a steadily growing economy but rather by one which, in this forecast, can be characterized by four distinct subperiods.

The first subperiod, dubbed "moderate growth, induced by State spending and lending," covers the years 1981 to 1983. Employment and real income grow above their decade averages, posting average gains of 4.4 percent per year and 3.9 percent per year, respectively.

Subperiod two, encompassing 1984, 1985 and 1986, is a time of very rapid employment and income growth, prompted in large part by construction of the Alaska Natural Gas Transportation System (ANGTS). Employment gains of 7.3 percent and 9.5 percent are projected for 1984 and 1985, with economy-wide employment remaining high in 1986. Real resident personal income grows an average of 6.5 percent per year over this subperiod.

In 1987 and 1988, the third subperiod, a post-ANGTS lull sets in. Employment and real personal income decline slightly, then plateau, recording annual average losses of 1.3 percent and 0.3 percent, respectively. Relatively large Permanent Fund Dividend payments of $512 million in 1987 and $570 million in 1988, partially buoy the economy. Housing construction is strong in 1987, as Alaskans convert pipeline savings into better quality living quarters. The State accelerates public construction.

The last two years of the forecast period, 1989 and 1990, are characterized by a slowing down of the rate of growth of real State petroleum revenue. The Alaska Department of Revenue's March 1981 forecast of real State Government royalties, severance taxes and conservation taxes (inclusive of projected revenue from production of Prudhoe Bay gas), shows annual growth rates of 3.3 percent in fiscal 1988, 2.0 percent in fiscal 1989, and (-2.7) percent in 1990. As a result, the economy struggles to achieve annual average employment and real income growth of 2.9 percent and 3.2 percent, respectively.

On an industry-by-industry basis, projected 1980 to 1990 average annual rates of employment growth (the best available indicator of relative performance) are: oil and gas exploration and operations 9.1 percent; other mining 15.3 percent; construction 1.4 percent; manufacturing 1.7 percent; transportation 3.6 percent; communications 1.8 percent (technological advance supresses employment growth); public utilities 3.3 percent; wholesale trade 3.1 percent; retail trade 3.3 percent, finance, insurance and real estate 7.0 percent; services 4.0 percent; Federal Government 2.0 percent; State Government 3.1 percent; and local government 3.3 percent.

The assumptions upon which this forecast is based are given in the next section. Details of the forecast, with quarterly detail for 1980, 1981 and 1982, are printed in the Appendix.

A NOTE ON OPTIMISM

While some observors may disagree, AEIRS believes that this forecast is neither unduly pessimistic nor unduly optimistic. Although there is presently some cause for concern, prospects for ANGTS are still reasonably good, given the potential for financial participation by North Slope gas producers. On the other hand, three large projects are now in doubt: the Alaska Oil Company refinery at Valdez, the Pacific Alaska LNG plant at Nikiski, and the proposed Cook Inlet/Placer Amex synfuels plant. (See below, pages eight and nine, for a discussion.) The DOW-SHELL petrochemical facility is still under study. Finally, and possibly most importantly, real (inflation adjusted) State oil and gas revenue is officially projected by the Alaska Department of Revenue to begin to decline by the end of the decade. Although events could turn out much better than depicted here, they could also turn out worse.

While it can be said with some confidence that Alaska's economic performance through 1986 is very likely to be good, the latter years of the decade are considerably in doubt. Alaska has the potential for sustained private sector economic growth, but, at this point, seems less than certain to realize it.

THE ALASKA ECONOMY
PERFORMANCE SUMMARY
1980 to 1985

	-History- 1980	1981	1982	1983	1984	1985
Population 1/	402,600	415,700	428,900	439,000	461,800	512,400
Percent Change	-0.9	+3.3	+3.2	+2.4	+5.2	+11.0
Nonagricultural Employment	169,926	180,021	187,407	193,484	207,541	227,256
Percent Change	+2.0	+5.9	+4.1	+3.2	+7.3	+9.5
Resident Personal Income 2/	5.129	6.188	6.742	7.531	8.831	10.796
Percent Change	+12.3	+20.6	+9.0	+11.7	+17.3	+22.3
Anchorage CPI (1967=1.000) 4/	2.282	2.517	2.744	2.986	3.283	3.640
Percent Change	+10.2	+10.3	+9.0	+8.8	+9.9	+10.9
Bank Deposits 3/	1,932.2	2,290.7	2,609.0	2,922.3	3,414.8	4,128.4
Percent Change	+7.7	+18.6	+13.9	+14.7	+14.1	+20.9
Savings and Loan Deposits 3/	272.0	326.1	325.6	352.8	391.3	448.2
Percent Change	+23.2	+19.9	-0.2	+8.4	+10.9	+14.5

1/ Annual Average. Includes Military.

2/ Billions of dollars. Revised.

3/ Millions of dollars. Average of January, April, July, and October end of month deposits for S&L's; average of March, June, September, and December end of month deposits for banks.

4/ Index for all urban workers.

THE ALASKA ECONOMY
PERFORMANCE SUMMARY
1986 to 1990

	1986	1987	1988	1989	1990
Population 1/	536,500	527,400	528,900	538,400	549,500
Percent Change	+4.7	-1.7	+0.3	+1.8	+2.1
Nonagricultural Employment	229,995	225,266	226,987	233,204	240,461
Percent Change	+0.8	-2.1	+0.8	+2.7	+3.1
Resident Personal Income 2/	12.186	12.929	14.306	16.183	18.193
Percent Change	+12.9	+6.1	+10.7	+13.1	+12.4
Anchorage CPI (1967=1.000) 4/	3.996	4.332	4.706	5.152	5.622
Percent Change	+9.8	+8.4	+8.6	+9.5	+9.1
Bank Deposits 3/	4,686.6	4,987.7	5,415.4	6,074.6	6,859.8
Percent Change	+13.5	+6.4	+8.6	+12.2	+12.9
Savings and Loan Deposits 3/	501.6	518.4	540.5	585.8	662.7
Percent Change	+11.9	+3.3	+4.3	+8.4	+13.1

1/ Annual Average. Includes Military.

2/ Billions of dollars. Revised.

3/ Millions of dollars. Average of January, April, July, and October end of month deposits for S&L's; average of March, June, September, and December end of month deposits for banks.

4/ Index for all urban workers.

II. CONTROL SIMULATION

In this issue of the **AEIRS Quarterly Report**, a benchmark or reference level forecast of Alaska economic activity is presented for the years 1981 to 1990. The forecast is offered quarterly for 1981 and 1982, and annually for the entire period.

Four distinct economic episodes are projected to characterize the decade. The 1981-1983 subperiod can be termed the period of "moderate growth, induced by public spending and lending." During 1984, 1985, and 1986, the economy experiences its second pipeline boom in recent years, this time brought on by construction of the Alaska Natural Gas Transportation System (ANGTS). In 1987 and 1988 employment and real (inflation adjusted) income decline then plateau in response to the completion of ANGTS. Finally, 1989 and 1990 are seen as years of relatively slow growth of 2.9 percent per year (compound average rate of growth of nonagricultural employment).

Apart from construction of ANGTS, none of the major projects discussed widely today are factored into the forecast. This is the sense in which the numbers presented here should be viewed as a reference level projection. While there is a very real possibility that one or more of these other projects will come to pass, there is also a very real possibility that ANGTS will fail for lack of financing. Rather than offer either an optimistic or a pessimistic forecast, a probabilistic "middle" has been offered instead. Although the future may show that the sources and timing of economic stimulus are different from those presented here, the general pattern and level of activity projected here, in our judgement, are reasonable.

PRINCIPAL ASSUMPTIONS

Government Spending/Lending - Combined State and local government spending in Alaska, adjusted for inflation, is forecasted to increase by approximately 4.0 percent per year through 1983; by 2.9 percent and 1.6 percent, respectively, in 1984 and 1985; by 3.1 percent in 1986 (an effort to offset declining activity on ANGTS); by 1.6 percent in 1987; and then hold constant (increase at the projected rate of inflation) in 1988, 1989, and 1990. Construction spending is favored and grows at rates approximately 50 percent higher than overall spending. (This spending pattern would likely be modified if a constitutional amendment limits the rate of growth of State expenditures. Passage of a limitation measure would require a reevaluation of these assumptions in future AEIRS reports.) A constitutionally acceptable Permanent Fund Dividend program is approved by the U.S. Supreme Court this year and checks are issued. Including retroactive 1980 dividends, $260 million is paid out in 1981. Between 1982 and 1990 real (inflation adjusted) dividends increase at an average annual rate of 5.9 percent, with early year increases somewhat larger. The Alaska State income tax is not reimposed. The dollar amount of public loan programs holds constant through 1990 with emphasis on business, fishing, agricultural and renewable resources loans.

Fishing/Fish Processing - The salmon catch declines in 1981 to 80 percent of the 1980 level and remains there throughout the decade. Shellfish catches improve by ten percent in 1982 and 1983 (holding at the 1980 level in 1981), and remain at the 1983 level through 1990. The bottomfish industry adds 100 jobs in 1981 and another 100 jobs in 1982. (This assumption does not imply that the efforts of organizations like the Alaska Seafood Marketing Institute will be unsuccessful, since these efforts are aimed principally at finding new markets for presently harvested species.)

Timber Harvest - The harvest rises to 600 million board feet per year by 1982, then remains at essentially that level throughout the remainder of the decade.

Tourism - The number of tourists visiting Alaska increases by 5.0 percent in 1981, and by 9.0 percent per year thereafter.

Hard Rock Minerals - The U.S. Borax Molybdenum find at Quartz Hill is developed and provides an annual average 700 jobs beginning in 1984. Exploration and placer mining increase steadily throughout the decade. In total, mining employment other than oil and gas increases from 527 jobs in 1980 to 2,179 jobs in 1990, for an annual average rate of increase of 15.3 percent.

Oil and Gas - An average of three lease sales (State and federal together) are held each year with attendant exploration. A single 200 million barrel oil field in the Beaufort Sea begins production in 1987.

EMPLOYMENT 1981, 1982

A surge in State Government lending and in construction and current account expenditure, moderate gains in North Slope oil and gas operations (in the Beaufort Sea and NPRA, and in the Kuparek field), and gains in mining industries other than oil and gas are the main forces behind the projected total employment gains of 5.9 percent in 1981 and 4.1 percent in 1982. Residential construction rebounds with significant help from the Alaska Housing Finance Corporation. Gains in military construction and private commercial construction contribute to the expansion.

Yet another important source of stimulus (principally to support sector industries) is the projected 1981 payment of $260 million in constitutionally acceptable Permanent Fund Dividends, $73.5 million in 1980 tax rebates and $77 million in disbursement of additional royalties. The projected $260 million in 1981 dividend payments includes both a retroactive 1980 payment and a 1981 payment. In 1982, Permanent Fund Dividends are projected by AEIRS to total $172 million.

On an industry-by-industry basis projected two year (1981, 1982) average rates of growth of nonagricultural employment are: mining 16.5 percent; construction 15.2 percent; manufacturing 3.8 percent; transportation 4.3 percent; communications 0.9 percent; public utilities 8.9 percent, wholesale trade 5.7 percent; retail trade 4.8 percent; finance, insurance and real estate 6.8 percent; services 4.2 percent; Federal Government (civilian) 2.2 percent; State Government 3.8 percent; and local government 2.9 percent.

The projected increases in State Government employment may seem to understate the stimulative effect of the State presence since they do not, themselves, reflect the full projected surge in State construction spending and in lending programs such as those of the Alaska Housing Finance Corporation and the Alaska Renewable Resources Corporation.

The details of the quarterly employment forecast are presented in the first set of Appendix tables.

EMPLOYMENT 1983-1990

Calendar year average direct employment during the construction phase of the Alaska Natural Gas Transportation System (ANGTS) and associated gas conditioning plant is projected here to be (average number of full-time equivalent jobs per year) 1983 (2,634), 1984 (7,938), 1985 (12,204), 1986 (7,082), 1987 (622). The project is forecasted here to be completed by the third calendar quarter of 1987. These are not official Northwest Alaskan Gas Pipeline Company estimates. In particular, project startup is forecasted to be delayed by one year from the present officially projected startup date, due to difficulty in obtaining federal approval of equity participation by North Slope gas producers (Exxon, Sohio, and Arco). In June 1980, Northwest Alaskan signed an agreement with the North Slope producers in which all four parties pledged to seek a way to enable the producers to help finance ANGTS.

The timing of the ANGTS project and the pace and composition of oil-fired public spending largely determine the forecasted pattern of employment change between 1983 and 1990. Year to year employment growth averages 6.8 percent in 1983, 1984 and 1985 peaking at 9.5 percent in 1985; then slows to 1.2 percent in 1986 as the construction phase of ANGTS winds down. In 1987 a net loss of 8,300 construction jobs (largely on ANGTS) is responsible for the forecasted decline of 2.1 percent in total nonagricultural employment. During 1987 and 1988 the State is assumed to reenter the economic stabilization business with increased spending on public construction, but finds itself partially handicapped by a slowdown in the rate of growth of petroleum revenue.

The ten year pattern of State spending and lending can be expected to be heavily influenced by the rate of growth of State oil revenue. For fiscal years 1982 through 1990, respectively, the Alaska Department of Revenue forecasts real (inflation adjusted) State Government royalties, severance taxes and conservation taxes, including Prudhoe Bay gas revenue, to grow by rates of 33.6 percent (FY '82), 12.2 percent (FY '83), 8.3 percent (FY '84), 4.1 percent (FY '85), 8.0 percent (FY '86), 3.4 percent (FY '87), 3.3 percent (FY '88), 2.0 percent (FY '89) and (-2.7) percent (FY '89).[1] Real oil and gas revenue is projected to decline throughout the 1990's by the Alaska Department of Revenue.

1/ "Petroleum Production Revenue Forecast, Quarterly Report, March 1981," Alaska Department of Revenue, Petroleum Revenue Division, Table 5.

The declining rates of growth of officially projected State oil and gas revenue set definite limits to what can be expected from an economy that in 1980 saw half or more of its jobs directly or indirectly dependent upon State Government spending and lending. Both fiscally and psychologically the latter half of this decade is likely to be a time of acute awareness of the limitations of Alaska State financial resources. The failure of the Alaska economy to rebound sharply in this forecast after completion of ANGTS is largely due to the projected weakening of the State's ability to carry the economic load thrust upon it over the past ten years.

The projected growth leaders for the decade (ranked by their respective annual average 1980 to 1990 projected gains in employment) are mining other than oil and gas, oil and gas exploration and production, finance, insurance and real estate; and services (the economy will deepen). On an industry-by-industry basis projected rates of employment growth, 1980 to 1990, are: oil and gas 9.1 percent; other mining 15.3 percent; construction 1.4 percent; manufacturing 1.7 percent; transportation 3.6 percent; communications 1.8 percent (technological advance supresses employment growth); public utilities 3.3 percent; wholesale trade 3.1 percent; retail trade 3.3 percent; finance, insurance and real estate 7.0 percent; services 4.0 percent; Federal Government 2.0 percent; State Government 3.1 percent; and local government 3.3 percent.

A NOTE ON MAJOR PROJECTS

Apart from the DOW SHELL feasibility study not many encouraging signs have been found to indicate that Alaska's package of energy intensive industry proposals will actually be delivered.

The Alaska Oil Company project (formerly Alpetco) planned for Valdez is beset with difficulties. The leading partner, the Charter Company, has met with serious financial resistance (see **Business Week**, August 4, 1980, "Charter Piles Debt on Top of Debt"). Recently, Charter suspended operations of a fish processing plant in Coos Bay, Oregon in an effort to improve its financial statements. Charter's bonds rate only B(a) with Standard and Poor's rating service. Standard and Poor's Compustat Service reports that during 1980 the market value of outstanding shares of Charter common stock declined 27.0 percent.

Charter's inability to generate enough cash from resales of State royalty oil coupled with its weak credit position may have the project on the ropes.

As reported in the January 1981 issue of this report, the Pacific Alaska LNG project is being reconsidered, if not put to rest. On December 30, 1980, Pacific Gas and Electric Company announced that it will cut its financial participation in the Point Conception California terminal and attempt to find additional partners for the project. No progress has been reported to date.

While Phase I feasibility, marketing and environmental studies seem sure to go ahead as planned, other phases of the proposed Cook Inlet Corporation/Placer Amex synfuels plant are somewhat in limbo, pending a favorable clarification of the Reagan Administration's synfuels policy. President Reagan campaigned against creation of the Synthetic Fuels Corporation, and later thought seriously about dramatically reducing its $17 billion budget. Reagan's expected-nominee for President of the Synthethic Fuels Corporation, Edward E. Noble, has indicated he will favor loan guarantees and price supports over direct federal cash grants to trial projects. If so, the Cook Inlet project may face tough going.

The point of this litany of bad news is not that Alaska will fail to grow, but rather that self supporting private sector growth may not be quite as "at hand" as it may have seemed. At the present time it seems optimistic to include in this forecast presented here (a) the Alaska Oil Company project; (b) the proposed Pacific Alaska LNG plant at Nikiski; or (c) the Cook Inlet/Placer Amex Synfuels plant.

THE INFLATION OUTLOOK

For the 12 months ending January 1981 the all items, all urban Anchorage Consumer Price Index rose 10.0 percent. The corresponding Fairbanks index gained 10.3 percent for the year ending February 1981.

Although forecasters are divided over the long run inflation effects of the Reagan Administration's proposed "supply side" tax and federal spending proposals, there is some agreement that the balanced budget nature of the version of these proposals now gaining ground in Congress will prevent serious additional inflation pressures from that source in the next 18 months. In addition, there is a growing belief that the worldwide decline in demand for crude oil will strengthen the hand of OPEC pricing moderates. During 1980, OPEC crude oil production declined to 26.8 million barrels per day, the lowest production figure in eight years. World crude oil demand in 1980 of 59.4 million barrels per day, represented a 5.1 percent decline from 1979.

Even though trends in world oil demand and supply suggest lessened inflation pressures, decontrol of domestic oil will contribute to 1981 and 1982 inflation as retailers and wholesalers pass on the increases in U.S. crude oil prices which have and will occur at the wellhead. On balance, retail fuel price increases are projected to continue in excess of overall consumer price inflation until 1983.

The optimism registered in some quarters must contend with yet another factor that will tend to keep inflation rates at or near double digit levels for 1981 and 1982. That factor is the annual average double-digit 1981-1983 wage increases that were built into labor settlements in 1980 (those not providing automatic cost of living allowances). These agreements covered enough workers to put a relatively high floor on producer price increases until a new round of contracts is negotiated (1983). According to the March 23 issue of **Business Week** magazine, a survey of 625 companies conducted in March showed average planned annual wage increases of 10.2 percent for nonunion wages and salaries in 1981.

ANCHORAGE CONSUMER PRICE INFLATION*
(Percent)

	Jan. 1980 to Jan. 1981	Percent Change in Annual Average over Previous Year's Annual Average			
		1980	1981	1982	1983
Apparel and Upkeep	10.6	9.8	7.5	5.6	6.2
Food and Beverages	7.0	6.8	5.7	6.3	6.0
Entertainment	3.8	6.0	7.4	6.1	6.9
Housing	10.3	10.2	9.6	9.9	10.0
Transportation	13.7	15.2	17.1	10.1	8.8
Medical Care	12.7	14.0	9.2	10.0	9.9
Other Goods and Services	7.1	8.1	7.7	8.2	8.2
All Items	10.0	10.2	10.3	9.0	8.8

*As measured by the percent change in the Anchorage Consumer Price Index for all urban workers.

The text table compares the actual 1980 rate of Anchorage consumer price inflation to the AEIRS projected rates for 1981, 1982, and 1983. Longer term forecasts are provided in the Appendix tables. For the years 1985 through 1990, the AEIRS forecast of Anchorage/Fairbanks inflation calls for consumer prices to increase approximately 9.0 percent per year. At this point there is insufficient evidence to support a more optimistic point of view.

THE FINANCIAL SECTOR

Except for a two year pause in 1987 and 1988, real (inflation-adjusted) deposits at Alaska's commercial and mutual savings banks are projected here to grow rapidly throughout the decade. Indeed Alaska's financial sector should be a leading industry over this period. For the period 1980 to 1990, combined time and mutual savings-bank deposits show a compound annual average growth rate of 3.8 percent per year, a figure right in line with the 3.6 percent per year growth rate projected for economy-wide nonagricultural employment, and the 3.7 percent per year rate of growth projected for real Alaska resident personal income.

The largest year-to-year bank deposit surges occur in 1981 (the result of increased public spending and some $410.5 million in combined tax rebates, Permanent Fund Dividends, and royalty disbursements) and 1985 when incomes and business balances surge with the construction of ANGTS.

The "Depository Institutions Deregulation Act of 1980" mandates that interest rate ceilings on deposits be raised one-half percentage point every year unless economic conditions warrant otherwise. This first step toward financial deregulation should contribute to a shift in household and business financial portfolio composition toward greater emphasis on interest bearing accounts. This effect is not yet fully reflected in the AEIRS projections of the relative size of bank time and demand deposits, largely because there has not as yet been time to analyze its importance and the changing regulatory status of Money Market Funds. We have, therefore, somewhat more confidence in the AEIRS projection of total deposits than in the projections of time and demand deposits separately.

The most recently published Alaska bank call report data available (December 31, 1980) show the Alaska bank loan-deposit ratio at 0.567. In the not-too-distant past (1976 and 1977), this ratio has been as high as 0.71.[1] The present forecast calls for the Alaska bank loan-deposit ratio to average 0.587 in 1981, 0.664 in 1982, 0.693 in 1983, and to remain near 0.700 for the remainder of the decade. The increasing loan-deposit ratio in 1981, 1982, and 1983 constitutes a relative shift away from cash and security holdings, and is largely responsible for the absence of any noticeable Federal Reserve tight money effects on the deposit forecast. An increasing loan-deposit ratio tends to raise the bank money multiplier.

Alaska savings and loan associations experienced a 23.2 percent increase in deposits in 1980, largely as a result of sales of jumbo certificates of deposit (denominations of $100,000 or more). With interest rates projected to remain near recent levels throughout 1981, the dollar volume of outstanding jumbos should remain high until 1982. This projection is tenuous since AEIRS does not know who the holders of these certificates are and what their cash needs may be. (The State of Alaska was not responsible for the surge.) If, as projected, the CD's are not cashed in this year, the 1981 annual average gain in S&L deposits should also be quite high. (In this forecast the 1981 gain is 19.9 percent.) The 1981 gain is partly a phenomenon of timing, since the 1980 surge in jumbos occurred part way into the year ($40 million in June 1980 for a one month gain of about 50 percent). If jumbo issues do hold up through 1981, the increase will count for all of 1981 and thus raise the average of total deposits over 1980 partly for purely algebraic reasons.

At some point one would expect the holders of the jumbos issued in 1980 to make use of those funds for other purposes. AEIRS projects this to occur in 1982 and 1983, again with some trepidation. As a result, forecasted S&L deposits decline 0.2 percent in 1982, and rise only 8.4 percent in 1983. Officials at Alaska's S&L's certainly should revise this forecast for their own purposes, if the information they are privy to suggests that such revision would be appropriate.

1/ The AEIRS definition of loans and discounts excludes federal funds for analytical reasons, contrary to the practice of the Alaska Division of Banking and Securities. Federal funds are included in securities by AEIRS.

On average for the years 1980 through 1990, Alaska savings and loan deposits, including jumbo certificates of deposit, are projected to just keep pace with inflation.

The April 1981 Data Resources Incorporated "Trend" forecast of selected interest rates is presented in the text table, along with the current AEIRS forecast of the Seattle effective conventional mortgage rate (a proxy for Alaska mortgage rates).

SELECTED INTEREST RATES
(Percent)

	Calendar Quarters						
	History			Forecast			
	80:3	80:4	81:1	81:2	81:3	81:4	82:1
90-day U.S. Treasury Bills	9.15	13.61	14.30	11.59	11.36	12.47	13.09
90-day Euro-dollar Rate	10.74	16.46	16.77	12.87	12.39	13.82	14.56
Moody's AAA Corporates	11.58	12.83	12.91	12.80	12.58	12.52	12.55
State & Local AAA General Obligations	7.91	8.84	9.32	9.17	8.47	8.57	8.69
Conventional Mortgage Rate, Seattle	12.41	13.41	13.97	13.62	13.24	12.97	12.87

ACKNOWLEDGEMENT: Forecasts of all but the Seattle Mortgage rate were obtained from the Data Resources, Inc., April 1981 Long Term "Trend" Forecast of the U.S. Economy.

Open market rates are projected to decline slightly in 1981, as the national economy weakens and the demand for loanable funds falls off. By the end of the year the Reagan economic program with its front end loaded tax cuts is expected to contribute to a firming national economy, a recovery in loan demand and rising interest rates. As the economic stimulus package is now coming together in Congress, there are federal deficits in the offing through most of the next fiscal year, which will induce sustained pressure on interest rates from federal borrowing.

The Federal Reserve is not expected to accommodate federal deficits by monetizing the new debt.

III. POPULATION AND NET MIGRATION, 1970 THROUGH 1979

The economics of migration to Alaska is a subject of a continuing controversy. The publication of the 1980 Alaska Census figures allows one to reexamine the Alaska migration experience of the past ten years and to reestimate resident population and the net migration component of population change for the intercensal years.

One can divide net migration into two components, **PERMANENT** net migration and **SPECULATIVE** net migration. Permanent net migration is defined here to consist of persons and their dependents who migrate to Alaska and are successful in establishing permanent residence. Speculative net migration consists of persons and their dependents who migrate to Alaska in the hopes of obtaining a boom period source of income. Speculative net migrants may obtain work during a boom period but leave Alaska (for one reason or another) after the boom subsides. Since we will be dealing with **net** migration figures, one should understand that the absolute sizes of the flows of immigrants and emmigrants is not at issue. Net migration of 1,000 persons can be accomplished with an inflow of 1,000 persons and an outflow of zero persons, or with an inflow of 10,000 persons and an outflow of 9,000 persons; or, indeed, via an infinite number of other in-out migration combinations.

Our purpose here is to develop revised annual 1970 through 1979 estimates of permanent net migration, speculative net migration and resident population. The estimates are presented in the text table. They were constructed by invoking the following assumptions.

1. The 1970 and 1980 Census counts for Alaska total resident population are accurate.

2. The annual estimates of resident births and deaths published by the Alaska Department of Health and Social Services are accurate.

3. The error in the net migration component of population change induced by using published estimates of Alaska resident population for the intercensal years is proportional to the size of the intercensal migration component.

4. Cumulative net migration for the decade, defined as the ten year increase in population recorded by the 1970-1980 Censuses, less the ten year excess of births over deaths, consists entirely of permanent net migration.

5. The annual permanent component of net migration equals .5321 times the yearly change in nonagricultural employment, where .5321 is the ratio of (i) ten year cumulative net migration defined in (4) to (ii) the difference between 1970:1 and 1980:1 nonagricultural employment.

DISCUSSION

The text table presents our estimates and the data used in making them. Assumption (3) is the least acceptable of the five invoked. Methods used by the Census Bureau to estimate annual population and (implicitly) net migration during the pipeline years, may have been sufficiently ill suited to the task as to allow virtually all of the 1970-1980 error in net migra-

REVISED ESTIMATES OF RESIDENT POPULATION, NET MIGRATION

	Excess of Births Over Deaths	Change in Employment[1]	Census Resident Population April 1	Change in Population Using Intercensal Est.	Original Intercensal Estimates Total Net Migration	Revised Total Net Migration	Estimated Permanent Net Migration[2]	Estimated Speculative Net Migration[3]	Revised Resident Population (April 1)[4]
1970	6,129	2,667	300,382	8,000	1,871	1,247	1,419	-172	300,382
1971	5,857	5,830	--	13,000	7,143	4,760	3,102	1,658	307,758
1972	5,481	6,858	--	9,000	3,519	2,345	3,649	-1,304	318,375
1973	5,147	6,638	--	7,000	1,853	1,235	3,532	-2,297	326,201
1974	5,538	30,470	--	11,000	5,462	3,640			332,583
1975	5,948	21,720	--	39,000	33,052	22,027	25,104[5]	11,848[5]	341,761
1976	6,295	-1,064	--	25,000	18,705	12,466			369,736
1977	6,772	-3,947	--	5,000	-1,772	-1,181			388,497
1978	7,058	2,565	--	1,000	-8,058	-5,370	1,365	-6,735	394,088
1979	7,660	-208	--	3,000	-4,060	-3,107	-111	-2,996	395,776
1980	--	--	400,331	--	--	--	--	--	400,329
TOTAL	61,885	71,529	99,949	119,000	57,115	38,064	38,060	2	

Notes: 1/ The year "t" change in employment is measured from the first quarter of year "t" to the first quarter of the year "t+1."
2/ Cumulative total differs from 38,064 because of rounding error.
3/ Cumulative total differs from zero because of rounding error.
4/ April 1, 1980 estimate differs from Census estimate of 400,331 because of rounding error.
5/ Three year total 1974, 1975, 1976 and 1977 (see text).

tion (original intercensal estimates) to have occurred during this subperiod of the decade. For that reason, our revised estimates of the 1974-1977 components of migration have been presented only in total for the four years. Further research is planned.

While the numbers largely speak for themselves, one point needs to be made. **Ten year cumulative net migration as implicitly measured by the decenniel Census and net births and deaths (38,064) is substantially less than the corresponding ten year cumulative total derived from the Census Bureau's intercensal population estimates (57,115).** This point is independent of any problems one may have with our method of revising the intercensal estimates. Persons using solely the original intercensal net migration estimates to forecast future net migration may well tend to repeat this error, that is, to overestimate future net migration. This point bears heavily on the issue of Alaska economic development and associated population growth.

One should note that positive net permanent migration in a given year does not imply that zero long term Alaska residents were forced to leave Alaska or chose to leave Alaska in that year. The estimates do not go to this issue. For example, if in a given year 5,000 newcomers establish permanent residence and in so doing force 4,000 previously permanent Alaskans to leave the State (by filling a limited number of jobs), permanent net migration for the year would be 1,000. The estimate of 1,000 for permanent net migration means that, on balance, 1,000 permanent (by intention) residents were added to the State's population in that year.

Finally, it is worth noting that the year to year pattern of speculative net migration is plausible. Negative speculative net migration in 1970 can be interpreted as an outflow of persons who came to Alaska just after the Prudhoe Bay lease sale. Positive speculative net migration in 1971 can be thought of as having been produced by incorrect expectations of employment on the oil pipeline project (false start). Negative speculative outmigration in 1972 and 1973 could be interpreted as false starters and others leaving the State; and so on.

Future work should help to refine the notions of speculative and permanent net migration.

APPENDIX

Historical employment and income data published in the following tables have been revised in accordance with revisions released by the Alaska Department of Labor, and by the U.S. Department of Commerce, Bureau of Economic Analysis.

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TABLE I
STATE OF ALASKA
POPULATION, LABOR FORCE, & EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1980:1	1980:2	1980:3	1980:4	1981:1	1981:2	1981:3	1981:4	1982:1	1982:2	1982:3	1982:4
POPULATION (TRENDED)	402.3	400.3	403.0	404.9	409.5	414.0	417.6	421.6	424.3	427.4	430.7	433.3
LABOR FORCE (CPS BASIS)	173.5	191.3	197.1	186.1	187.5	200.0	203.4	199.4	197.3	209.6	211.3	205.8
EMPLOYMENT (CPS BASIS)	154.7	171.7	180.7	169.0	166.9	179.8	186.8	180.8	175.4	188.4	194.2	186.6
UNEMPLOYMENT (CPS BASIS)	18.8	19.6	16.4	17.2	20.6	20.2	16.6	18.6	21.9	21.3	17.2	19.1
UNEMPLOYMENT RATE (PERCENT, CPS BASIS)	10.8	10.3	8.3	9.2	11.0	10.1	8.1	9.3	11.1	10.1	8.1	9.3

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT

MINING	5,957	6,440	6,879	6,616	6,904	7,734	8,627	8,072	8,166	8,679	9,409	8,725
CONTRACT CONSTRUCTION	7,311	10,474	14,044	9,535	10,993	13,527	15,804	12,446	11,164	14,143	16,630	13,074
MANUFACTURING	9,767	14,331	20,404	12,544	10,543	15,385	20,481	13,048	10,985	15,670	21,305	13,430
LOGGING & SAWMILLS	1,694	2,769	2,806	2,183	1,635	2,679	2,999	2,387	1,852	2,890	3,196	2,558
PAPER & PULP PRODUCTS	1,033	1,025	1,086	1,118	1,243	1,334	1,321	1,172	1,258	1,372	1,393	1,253
MISC FOOD & KINDRED PRODUCTS	4,172	7,376	12,961	6,121	4,812	7,939	12,731	6,334	4,933	8,088	13,217	6,409
OTHER MANUFACTURING	2,868	3,161	3,551	3,123	2,852	3,383	3,430	3,156	2,943	3,321	3,500	3,211
TRANS, COMM, & PUBLIC UTILS	16,056	17,320	18,271	17,217	16,468	17,811	19,253	18,111	17,261	18,287	19,942	18,682
TRUCKING	1,713	1,901	2,019	1,772	2,072	2,261	2,325	2,137	2,229	2,377	2,488	2,235
WATER TRANSPORTATION	1,110	1,478	1,596	1,180	945	1,219	1,535	1,229	1,039	1,260	1,560	1,244
AIR TRANSPORTATION	4,914	5,313	5,555	5,454	5,111	5,526	5,777	5,672	5,315	5,747	6,008	5,899
OTHER TRANSPORTATION	2,747	2,877	3,231	3,155	2,763	2,911	3,544	3,212	2,888	2,811	3,629	3,275
COMMUNICATIONS	4,246	4,401	4,461	4,244	4,148	4,362	4,467	4,296	4,235	4,455	4,565	4,393
PUBLIC UTILITIES	1,326	1,350	1,409	1,412	1,429	1,533	1,606	1,566	1,555	1,637	1,692	1,635
WHOLESALE TRADE	5,163	5,482	5,768	5,311	5,468	5,690	5,908	5,672	5,870	6,072	6,334	6,012
RETAIL TRADE	21,767	23,719	25,635	24,865	23,999	24,939	26,680	25,926	25,017	26,286	27,398	26,643
FINANCE, INSURANCE, & REAL EST.	7,665	7,731	7,939	8,086	7,911	8,131	8,627	8,545	8,581	8,782	9,299	9,191
SERVICES	27,715	29,879	30,389	30,181	29,712	31,277	32,165	31,170	30,493	32,279	33,280	32,191
GOVERNMENT	53,890	54,938	50,506	55,744	54,116	56,999	52,382	57,088	55,343	59,260	54,376	58,692
FEDERAL	16,871	18,372	18,596	18,168	17,840	18,325	18,971	18,534	18,199	18,694	19,353	18,907
STATE	15,032	15,078	15,202	15,549	15,574	15,667	16,205	15,848	15,548	16,263	17,191	16,491
LOCAL	21,987	21,488	16,708	22,028	20,703	23,008	17,207	22,707	21,595	24,304	17,832	23,294
MISCELLANEOUS EMPLOYMENT	613	1,280	1,755	515	394	630	921	527	402	643	1,095	537
TOTAL	155,904	171,594	181,590	170,617	166,508	182,124	190,849	180,605	173,283	190,100	199,068	187,176

FORECAST PERIODS ARE: POPULATION (80:3 TO 90:4)
LABOR FORCE (81:1 TO 90:4)
NONAG EMPLOYMENT (80:4 TO 90:4)

NOTE: PAPER & PULP EMPLOYMENT FOR 1978:4, 1979:1 IS ESTIMATED.

CONTROL481

TABLE II
STATE OF ALASKA
INCOME, PRICES, AND WAGES

INCOME (BILLIONS OF $, SEASONALLY ADJUSTED, ANNUAL RATE)

	1980:1	1980:2	1980:3	1980:4	1981:1	1981:2	1981:3	1981:4	1982:1	1982:2	1982:3	1982:4
WAGES & SALARIES	3.969	3.905	4.072	4.339	4.554	4.693	4.775	4.917	5.179	5.322	5.415	5.536
PLUS: OTHER LABOR INCOME	0.369	0.380	0.401	0.392	0.392	0.395	0.400	0.407	0.418	0.429	0.439	0.449
PLUS: PROPRIETORS' INCOME	0.273	0.259	0.274	0.325	0.336	0.339	0.353	0.363	0.372	0.379	0.388	0.399
PLUS: PROPERTY INCOME	0.412	0.435	0.452	0.484	0.513	0.544	0.569	0.593	0.614	0.634	0.657	0.680
PLUS: TRANSFER PAYMENTS	0.386	0.399	0.652	0.692	0.468	1.573	0.654	0.660	0.689	0.723	0.735	0.751
PLUS: RESIDENCE ADJUSTMENT	-0.290	-0.292	-0.310	-0.323	-0.338	-0.350	-0.359	-0.377	-0.413	-0.426	-0.430	-0.443
LESS: EMPLOYEE CONTRIBUTIONS SOC INS	0.284	0.281	0.295	0.280	0.306	0.336	0.332	0.345	0.357	0.389	0.385	0.398
EQUALS: PERSONAL INCOME, RESIDENCE BASIS	4.835	4.805	5.246	5.630	5.619	6.858	6.059	6.218	6.504	6.672	6.819	6.974

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

APPAREL AND UPKEEP	1.690	1.759	1.825	1.850	1.876	1.901	1.925	1.952	1.980	2.007	2.034	2.063
FOOD AND BEVERAGES	2.542	2.588	2.641	2.706	2.728	2.742	2.774	2.822	2.878	2.925	2.965	3.002
ENTERTAINMENT	2.018	2.073	2.014	2.054	2.142	2.174	2.207	2.240	2.273	2.307	2.342	2.377
HOUSING	2.203	2.252	2.274	2.342	2.398	2.456	2.515	2.575	2.637	2.700	2.765	2.831
TRANSPORTATION	2.140	2.210	2.272	2.362	2.514	2.608	2.669	2.734	2.799	2.863	2.929	2.993
MEDICAL CARE	2.717	2.842	2.884	2.923	2.993	3.065	3.139	3.214	3.291	3.370	3.451	3.534
OTHER GOODS & SVCS	2.034	2.080	2.117	2.145	2.188	2.232	2.277	2.322	2.369	2.416	2.464	2.514
ALL ITEMS	2.209	2.263	2.297	2.362	2.436	2.491	2.543	2.599	2.657	2.715	2.773	2.831

AVERAGE HOURLY EARNINGS (DOLLARS, SEASONALLY ADJUSTED)

MINING	18.74	18.89	18.50	17.36	18.00	18.49	18.97	19.49	20.02	20.56	21.10	21.66
CONTRACT CONSTRUCTION	19.03	19.49	20.87	21.55	20.90	21.77	21.62	21.54	23.10	24.04	23.85	23.81
MANUFACTURING (AEIRS DEF.)	12.48	12.43	12.38	13.58	13.68	13.69	13.90	14.19	14.93	14.88	15.07	15.45
WHOLESALE TRADE	9.71	10.63	11.41	11.87	11.93	12.31	12.64	12.70	12.72	12.96	13.18	13.09
RETAIL TRADE*	8.07	8.08	9.24	8.44	8.68	8.95	9.15	9.34	9.55	9.76	9.97	10.19

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1980:1 TO 1980:3
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (80:4 TO 90:4)
PRICES (81:1 TO 90:4)
EARNINGS (80:4 TO 90:4)

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TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1980:1	1980:2	1980:3	1980:4	1981:1	1981:2	1981:3	1981:4	1982:1	1982:2	1982:3	1982:4
CASH & DUE FROM BANKS	274.2	339.6	401.7	353.8	283.5	318.4	358.9	350.4	350.7	368.7	420.0	406.4
SECURITIES	640.4	733.9	860.6	871.4	932.7	1,031.4	999.8	946.1	896.8	884.7	956.8	890.1
LOANS & DISCOUNTS	1,159.2	1,110.5	1,174.0	1,143.0	1,217.2	1,327.2	1,401.1	1,435.5	1,545.6	1,723.6	1,819.4	1,843.8
OTHER ASSETS	141.9	147.5	152.2	171.6	167.4	173.4	151.6	157.9	183.8	183.1	175.7	174.2
TOTAL ASSETS	2,215.8	2,331.5	2,588.5	2,539.8	2,600.8	2,850.2	2,911.4	2,889.8	2,976.8	3,160.0	3,371.8	3,314.6
DEMAND DEPOSITS	638.5	780.1	892.0	785.9	803.4	944.1	1,028.3	963.6	965.3	1,074.5	1,166.9	1,096.4
TIME DEPOSITS	1,109.8	1,082.2	1,210.4	1,229.9	1,272.0	1,362.0	1,378.8	1,410.7	1,470.7	1,486.6	1,588.9	1,586.5
OTHER LIABILITIES & CAPITAL	467.5	469.2	486.1	524.0	525.4	544.2	504.3	515.6	540.8	598.9	616.0	631.7

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	232.6	235.7	286.2	333.7	338.8	320.4	323.0	322.0	311.5	312.9	331.2	346.7
NEW SAVINGS RECEIVED	78.1	144.6	124.5	168.8	89.9	117.4	104.8	89.2	93.7	119.1	121.1	99.6
WITHDRAWALS	85.5	93.8	116.8	149.5	136.1	121.2	112.4	105.2	98.7	107.2	112.4	116.8
CHANGE IN MORTGAGE PORTFOLIOS	-1.8	5.3	14.8	-27.2	-12.3	-3.0	8.5	6.4	-0.3	9.8	12.6	2.6
NEW LENDING	6.6	22.2	20.3	26.6	11.2	33.9	34.8	36.3	21.7	42.3	41.1	40.2
MORTGAGE RATE (%)-SEATTLE	12.0	13.7	12.4	13.4	14.0	13.6	13.2	13.0	12.9	12.9	13.0	13.1

THE FORECAST PERIOD IS 1981:1 TO 1990:4

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TABLE I
STATE OF ALASKA
POPULATION, LABOR FORCE, & EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
POPULATION (TRENDED)	402.6	415.7	428.9	439.0	461.8	512.4	536.5	527.4	528.9	538.4	549.5
LABOR FORCE (CPS BASIS)	187.0	197.6	206.0	210.7	223.7	250.2	261.4	254.3	257.1	265.3	272.2
EMPLOYMENT (CPS BASIS)	169.0	178.6	186.1	190.6	202.6	226.1	235.4	229.1	231.6	238.8	245.2
UNEMPLOYMENT (CPS BASIS)	18.0	19.0	19.9	20.1	21.1	24.1	26.0	25.2	25.5	26.5	27.0
UNEMPLOYMENT RATE (PERCENT, CPS BASIS)	9.7	9.6	9.7	9.6	9.5	9.7	10.0	9.9	9.9	10.0	9.9

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT

MINING	6,473	7,834	8,745	9,325	10,854	12,620	13,332	14,073	15,102	15,930	16,737
CONTRACT CONSTRUCTION	10,341	13,193	13,753	14,131	19,343	26,195	21,216	12,955	10,405	10,839	11,845
MANUFACTURING	14,262	14,864	15,348	15,763	16,050	16,746	16,717	16,651	16,785	16,877	16,949
LOGGING & SAWMILLS	2,363	2,425	2,624	2,724	2,667	2,663	2,691	2,764	2,855	2,958	3,073
PAPER & PULP PRODUCTS	1,065	1,268	1,319	1,332	1,355	1,310	1,214	1,216	1,228	1,133	1,009
MISC FOOD & KINDRED PRODUCTS	7,658	7,967	8,162	8,338	8,465	8,603	8,611	8,611	8,611	8,611	8,611
OTHER MANUFACTURING	3,176	3,205	3,244	3,368	3,562	4,169	4,202	4,060	4,090	4,175	4,256
TRANS, COMM, & PUBLIC UTILS	17,216	17,911	18,543	19,071	20,000	21,239	21,483	21,791	22,141	22,795	23,448
TRUCKING	1,851	2,199	2,332	2,375	2,652	3,082	2,750	2,715	2,654	2,785	2,873
WATER TRANSPORTATION	1,341	1,232	1,276	1,299	1,360	1,470	1,525	1,477	1,463	1,489	1,521
AIR TRANSPORTATION	5,309	5,521	5,742	5,972	6,211	6,459	6,717	6,986	7,266	7,556	7,859
OTHER TRANSPORTATION	3,002	3,107	3,151	3,220	3,370	3,573	3,597	3,613	3,742	3,919	4,100
COMMUNICATIONS	4,338	4,318	4,412	4,522	4,669	4,856	5,039	5,122	5,136	5,159	5,198
PUBLIC UTILITIES	1,374	1,533	1,630	1,684	1,738	1,798	1,854	1,877	1,880	1,886	1,898
WHOLESALE TRADE	5,431	5,684	6,072	6,213	6,472	7,094	7,149	6,806	6,945	7,202	7,384
RETAIL TRADE	23,997	25,386	26,336	27,130	28,134	29,506	30,406	30,687	31,331	32,215	33,088
FINANCE, INSURANCE, & REAL EST.	7,855	8,303	8,963	9,624	10,410	11,401	12,460	13,235	13,855	14,593	15,531
SERVICES	29,541	31,081	32,061	33,129	35,124	38,169	40,129	40,908	41,564	42,560	43,721
GOVERNMENT	53,770	55,147	56,918	58,407	60,433	63,531	66,311	67,360	68,052	69,376	70,933
FEDERAL	18,002	18,417	18,788	19,167	19,553	19,947	20,349	20,759	21,177	21,604	22,040
STATE	15,215	15,823	16,373	17,038	17,730	18,450	18,960	19,342	19,732	20,129	20,535
LOCAL	20,553	20,906	21,756	22,202	23,150	25,135	27,002	27,260	27,143	27,642	28,359
MISCELLANEOUS EMPLOYMENT	1,041	618	669	690	723	755	793	800	808	817	825
TOTAL	169,926	180,021	187,407	193,484	207,541	227,255	229,995	225,265	226,987	233,204	240,461

FORECAST PERIODS ARE: POPULATION (80:3 TO 90:4)
LABOR FORCE (81:1 TO 90:4)
NONAG EMPLOYMENT (80:4 TO 90:4)

NOTE: PAPER & PULP EMPLOYMENT FOR 1978:4, 1979:1 IS ESTIMATED.

CONTROL481

TABLE II
STATE OF ALASKA
INCOME, PRICES, AND WAGES

INCOME(BILLIONS OF $, SEASONALLY ADJUSTED, ANNUAL RATE)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
WAGES & SALARIES	4.071	4.735	5.363	6.041	7.309	9.147	9.921	10.011	10.930	12.353	13.961
PLUS: OTHER LABOR INCOME	0.385	0.398	0.434	0.481	0.560	0.685	0.770	0.793	0.846	0.939	1.053
PLUS: PROPRIETORS' INCOME	0.283	0.348	0.385	0.424	0.476	0.546	0.611	0.664	0.730	0.813	0.905
PLUS: PROPERTY INCOME	0.446	0.555	0.646	0.744	0.914	1.198	1.363	1.490	1.769	2.087	2.341
PLUS: TRANSFER PAYMENTS	0.532	0.839	0.725	0.840	0.990	1.193	1.397	1.502	1.659	1.851	2.052
PLUS: RESIDENCE ADJUSTMENT	-0.304	-0.356	-0.428	-0.560	-0.878	-1.259	-1.101	-0.739	-0.745	-0.835	-0.936
LESS: EMPLOYEE CONTRIBUTIONS SOC INS	0.285	0.330	0.382	0.439	0.541	0.713	0.775	0.793	0.884	1.025	1.184
EQUALS: PERSONAL INCOME, RESIDENCE BASIS	5.129	6.188	6.742	7.531	8.831	10.796	12.186	12.929	14.306	16.183	18.193

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

APPAREL AND UPKEEP	1.781	1.914	2.021	2.146	2.347	2.602	2.824	3.074	3.382	3.685	3.970
FOOD AND BEVERAGES	2.619	2.767	2.942	3.118	3.406	3.812	4.173	4.549	5.038	5.589	6.081
ENTERTAINMENT	2.040	2.191	2.325	2.486	2.670	2.867	3.079	3.324	3.598	3.894	4.215
HOUSING	2.268	2.486	2.733	3.005	3.304	3.633	3.994	4.295	4.559	4.923	5.371
TRANSPORTATION	2.246	2.631	2.896	3.151	3.516	4.038	4.460	4.921	5.606	6.331	6.955
MEDICAL CARE	2.841	3.103	3.412	3.751	4.124	4.535	4.986	5.482	6.028	6.628	7.287
OTHER GOODS & SVCS	2.094	2.255	2.441	2.642	2.860	3.095	3.350	3.627	3.926	4.249	4.599
ALL ITEMS	2.282	2.517	2.744	2.986	3.283	3.640	3.996	4.332	4.706	5.152	5.622

AVERAGE HOURLY EARNINGS (DOLLARS, SEASONALLY ADJUSTED)

MINING	18.37	18.74	20.84	23.13	25.94	29.35	32.86	36.34	40.28	44.98	50.08
CONTRACT CONSTRUCTION	20.23	21.46	23.70	26.85	31.23	35.32	37.34	37.42	40.12	43.92	47.92
MANUFACTURING (AEIRS DEF.)	12.72	13.86	15.08	16.45	18.12	20.88	23.01	25.08	27.46	30.24	33.10
WHOLESALE TRADE	10.91	12.40	12.99	13.22	13.45	14.06	14.52	14.55	14.24	14.26	14.35
RETAIL TRADE*	8.21	9.03	9.87	10.74	11.75	13.05	14.35	15.62	16.91	18.51	20.21

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1980:1 TO 1980:3
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (80:4 TO 90:4)
PRICES (81:1 TO 90:4)
EARNINGS (80:4 TO 90:4)

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TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
CASH & DUE FROM BANKS	342.3	327.8	386.4	453.7	532.7	657.3	755.5	804.7	878.4	990.6	1,121.9
SECURITIES	776.6	977.5	907.1	960.0	1,067.0	1,313.2	1,423.2	1,507.0	1,657.6	1,887.1	2,099.0
LOANS & DISCOUNTS	1,146.7	1,345.2	1,733.1	2,073.6	2,434.6	2,882.8	3,318.8	3,561.4	3,874.4	4,286.3	4,845.7
OTHER ASSETS	153.3	162.6	179.2	197.6	220.0	257.8	287.2	300.2	322.0	354.1	393.7
TOTAL ASSETS	2,418.9	2,813.1	3,205.8	3,684.9	4,254.3	5,111.2	5,784.7	6,173.4	6,732.4	7,518.1	8,460.4
DEMAND DEPOSITS	774.1	934.8	1,075.8	1,235.4	1,428.3	1,717.1	1,946.3	2,049.8	2,215.4	2,461.8	2,740.9
TIME DEPOSITS	1,158.1	1,355.9	1,533.2	1,756.9	1,986.5	2,411.3	2,740.3	2,937.9	3,200.0	3,612.8	4,118.9
OTHER LIABILITIES & CAPITAL	486.7	522.4	596.8	692.6	839.6	982.8	1,098.2	1,185.7	1,317.0	1,443.6	1,600.6

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	272.0	326.1	325.6	352.8	391.3	448.2	501.6	518.4	540.5	585.8	662.7
NEW SAVINGS RECEIVED	516.0	401.3	433.6	497.3	594.0	760.8	851.1	868.3	947.9	1,090.7	1,250.8
WITHDRAWALS	445.6	475.9	435.0	483.4	601.2	739.8	863.3	899.0	976.4	1,076.4	1,248.5
CHANGE IN MORTGAGE PORTFOLIOS	-9.0	-0.3	24.7	14.6	7.8	68.4	91.1	48.7	-1.7	13.9	56.8
NEW LENDING	75.8	116.3	145.2	158.2	186.3	265.2	319.5	278.3	203.9	218.2	297.0
MORTGAGE RATE (%)-SEATTLE	12.9	13.4	13.0	13.3	13.9	13.9	13.4	13.1	13.5	13.3	12.8

THE FORECAST PERIOD IS 1981:1 TO 1990:4

THE
ALASKA ECONOMIC
INFORMATION AND REPORTING SYSTEM

QUARTERLY REPORT
JULY 1981

STATE OF ALASKA
JAY S. HAMMOND, GOVERNOR

RONALD LEHR, DIRECTOR
DIVISION OF BUDGET AND MANAGEMENT

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FORWARD

In this report we present and discuss our current CONTROL or "best judgement" forecast of the Alaska economy. While this is an econometric forecast in the sense that it has been made with the AEIRS quarterly econometric model, it is not solely the product of that model. Where it seemed appropriate we have judgementally adjusted the forecast to take account of recent information on the pace of economic activity, and have also fine tuned the model where preliminary testing suggested the need. This is standard practice and reflects the fact that economic model building is still an imperfect art.

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SUMMARY

A delay in the payment of Permanent Fund Dividends, weak crab catches, and a depressed market for timber and timber products have led to a slight reduction from 5.9 to 5.3 percent in the 1981 AEIRS employment growth forecast. Nevertheless, total nonagricultural employment in Alaska is projected to reach an all time high annual average of 179,485 jobs in 1981, a figure 6,000 jobs above the previous peak annual average recorded in 1976. Resident personal income in 1981 (adjusted for inflation), is expected to grow by 6.8 percent over 1980. By early 1982, the Alaska economy will be recording all time highs in three principal aggregate indicators: employment, real income and real private financial assets. Nonagricultural employment, the single best indicator of Alaska economic activity, is now forecasted by AEIRS to grow 5.1 percent in 1982, and an additional 3.7 percent in 1983.

While State and local government spending and lending is the main source of stimulus producing this forecast, continued growth in tourism, oil and gas exploration and development, and increased exploration for other minerals will each make notable contributions.

One manifestation of the State's renewed growth is the spurt in private residential and nonresidential construction seen so far this year. Through the first five months of 1981, the number of new housing units authorized in Alaska was up approximately 273 percent over the same period of 1980. Private nonresidential projects launched so far this year include the Juneau-based Goldbelt Corporation's $10 million office building, Arco Alaska's 21 story office building on Seventh Avenue in Anchorage, the 124 room Cape Fox Sheffield House in Ketchikan, and the 92,000 square foot Anchorage Resolution Tower.

Although the U.S. City average consumer price index has posted significantly lower rates of increase in the past few months than it had for the previous two years, the forecast here is for a continuation in Alaska of inflation in the 8.0 to 9.0 percent range. Inflation rates will dip in Alaska, but not as much as the three to four percentage point dip many expect at the national level. Wage rates, adjusted for inflation, have been declining during the post-TAPS lull in most Alaska industries. A period of attempted catch up is anticipated, particularly in the construction industry. A special section examines the historical relationship between posted Alaska and posted national (U.S. City average) rates of consumer price inflation, and concludes that the two will be approximately equal for the next three years. In 1979 and 1980, the rate of Anchorage consumer price inflation was approximately 3.1 percentage points lower than the U.S. City average.

Despite the growing popularity of interstate banking in some western states, the movement has yet to hit Alaska. Pressure for change is certain to come. The present AEIRS forecast of commercial and mutual savings bank activity assumes an unchanged industry structure through 1983. Deposits can be expected to grow at or near the projected rate of growth of income, with the precise result a function of (a) the aggressiveness with which Alaska financial institutions choose to compete with such new savings instruments as shares of money market mutual funds, and (b) the pace of financial deregulation.

The Federal Home Loan Bank Board's consolidated balance sheet for Alaska's savings and loan associations shows that 55 percent of total May 1981 S&L deposits were jumbo certificates of deposit. These are negotiated instruments denominated in units of $100,000 or more with maturities, typically, of up to 360 days. We expect the outstanding volume of these certificates to decline over the next several years. The rapid 1980-1981 runup in S&L issues of jumbos, and their projected 1982-1983 run down accounts for the sharp swing in the growth rate of S&L deposits shown in the summary table.

THE ALASKA ECONOMY
PERFORMANCE SUMMARY
1978 to 1983

	History			Forecast		
	1978	**1979**	**1980**	**1981**	**1982**	**1983**
Population, Mid-Year 1/	411.2	406.2	403.0	416.3	430.7	442.3
Percent Change	(+0.7)	(-1.2)	(-0.8)	(+3.3)	(+3.5)	(+2.7)
Nonagricultural Employment	163,190	166,549	170,375	179,485	188,636	195,592
Percent Change	(-1.7)	(+2.1)	(+2.3)	(+5.3)	(+5.1)	(+3.7)
Resident Personal Income 2/	4.312	4.532	5.077	5.911	6.754	7.588
Percent Change	(+0.4)	(+5.1)	(+12.0)	(+16.4)	(+14.3)	(+12.3)
Anchorage CPI (1967=1.000) 4/	1.875	2.070	2.282	2.487	2.250	2.952
Percent Change	(+7.1)	(+10.4)	(+10.3)	(+9.0)	(+9.0)	(+8.9)
Bank Deposits 3/	1,749.1	1,794.2	1,932.2	2,187.6	2,476.9	2,889.6
Percent Change	(+8.8)	(+2.6)	(+7.7)	(+13.2)	(+13.2)	(+16.7)
Savings and Loan Deposits 3/	216.3	220.7	272.0	347.6	343.1	333.3
Percent Change	(+5.0)	(+2.0)	(+23.3)	(+27.8)	(-1.3)	(-2.9)

1/ Includes Military.

2/ Billions of dollars. Revised.

3/ Millions of dollars. Average of January, April, July, and October end of month deposits for S&L's; average of March, June, September, and December end of month deposits for banks.

4/ Index for all urban workers.

II. CONTROL FORECAST

A postponement in the disbursement of Permanent Fund Dividends, weak crab catches, and a depressed market for wood products have led to a slight reduction from the 5.9 percent April forecast to 5.3 percent in this AEIRS employment growth forecast. In preparing the April AEIRS forecast, it was assumed that early 1981 crab catches were near normal (the data collection lag can be troublesome), and that there could be early legislative approval of a modified Permanent Fund Dividend program.

The principal source of economic stimulus to the Alaska economy over the next several years will be State government spending and lending. For fiscal year 1982 over $5.6 billion of general fund appropriations have been enacted into law. In broad terms, this figure includes over $1.9 billion FY 1982 operating budget (including debt service), $1.4 billion in capital funds (including hydropower grants), a $1.8 billion Permanent Fund contribution and $0.5 billion in cash loans. To date, this spending surge has not been analyzed in detail.

With respect to the $1.4 billion capital budget, it should be noted that it will not all be spent in fiscal 1982. The number and type of construction jobs generated by the State's capital budget are determined by actual spending for construction as distinct from (a) purchases of equipment, land, and existing structures, and (b) the level of appropriations. Multi-year projects, necessary time for planning and contracting, and seasonal restrictions will all combine to spread the actual construction spending associated with this year's capital budget over several years. A detailed analysis of individual project timing simply could not be accomplished soon enough to be factored into this forecast. For now, AEIRS has assumed a fairly smooth pattern of State government construction spending increases, with projected gains of 17.6 percent for 1981, 16.4 percent for 1982, and 17.0 percent for 1983 (calendar years). In dollar amounts, an average of $350 million per calendar year is now assumed to be spent for actual construction over the 1981-1983 time period.

While State and local government spending and lending is the main source of stimulus expected over the 1981-1983 period, continued growth in tourism and an increase in mining activity (principally exploration, apart from the oil and gas industry), will each make notable contributions.

The planned Alaska Natural Gas Transporation System has been pushed back at least one year by delays in obtaining financing. Large scale hiring on ANGTS is not projected to begin until at least 1984.

One of the principal causes of the present optimism in Alaska has been a rather bullish outlook for mineral exploration and development. This outlook for minerals may be changing. While Secretary of Interior James Watt has begun to push through his accelerated federal oil and gas leasing schedule, other parts of the mineral exploration picture have clouded recently. In particular, metals prices have fallen back from the levels of just one year ago. Gold on the London market has dropped from about $600/ounce in June 1980 to just over $400/ounce in early July 1981; through May, refined silver was down 15.1 percent from a year earlier. The weighted average U.S. producer price index for all nonferrous metals showed nearly a one percent decline for the year ending the second week in May.

Since metal prices are typically volatile and subject to swings of speculative fervor, the recent price declines are not alarming. Although small scale prospecting may taper off because of the dip in gold prices, larger, more organized corporate exploration ventures are not likely to be derailed by what may only be a temporary decline. If, however, the weakness in certain metal prices continues for too much longer, the larger firms may reevaluate their exploration and development plans. For now, such a reevaluation is not assumed to pose a serious threat to the forecast. Passage of the D2 bill and continued discussion in Washington of the need to develop domestic sources of strategic metals have combined to set off a period of intensive mineral exploration in Alaska. We believe that effort has not been diminished.

EMPLOYMENT

The present control forecast projects Alaska nonagricultural employment gains of 5.3 percent in 1981, 5.1 percent in 1982, and 3.7 percent in 1983. Employment forecasts in this report are featured because it is the single most reliable indicator of regional economic activity for which data are regularly and accurately compiled. Both preliminary sample survey employment estimates and essentially complete final data from unemployment insurance records are published by the Alaska Department of Labor.

Preliminary employment data for the first calendar quarter of 1981 indicate clearly that an economic upswing has begun. The March 1981 data show an overall gain of 5,600 jobs (3.5 percent) over March 1980. Mining (including oil and gas) was up 1,500 jobs, or 25.0 percent, construction was up 300 jobs, or 3.8 percent, and combined trade and services were up 3,200 jobs, or 5.8 percent. Job losses were concentrated in fish processing and in the timber and wood products industry.

Cyclical swings in Alaska construction activity are a very important indicator of the overall direction of economic activity in Alaska. So far in 1981, public construction spending, private residential construction activity and private nonresidential construction are all up significantly over 1980, and are likely to continue to show impressive gains for the next two years, despite relatively high interest rates. The reasons for this are clear. First, optimism pervades Alaska's public and private consciousness. Second, much Alaska construction spending is not directly financed at open market interest rates.

In 1980, the Alaska Housing Finance Corporation (AHFC) financed in excess of 70 percent of Alaska's new residential construction at interest rates well below market. This situation can be expected to persist.[1/] Also, an uncertain fraction of private nonresidential construc-

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1/ According to the Federal Department of Housing and Urban Development, the first five months of 1981 saw a gain of approximately 273 percent in new housing units authorized in Alaska over the same period of 1980.

tion spending (we suspect a fairly large fraction in 1981) will be financed from internal funds or through subsidized loan programs rather than by borrowing at open market interest rates.

A sample of the new private nonresidential construction projects beginning this year includes the Juneau-based Goldbelt Corporation's $10 million office building, Arco Alaska's 21 story office building in Anchorage, the 124 room Cape Fox Sheffield House hotel in Ketchikan and the 92,000 square feet Anchorage Resolution Tower.

Not all of the planned 1981-1983 construction activity represents a net gain in activity over the preceding year. A substantial portion of any year's new construction keeps workers and managers from newly completed projects on the job. Nevertheless, the signs all point to a sustained high level of Alaska construction activity in 1981, 1982, and 1983. In this forecast construction employment is up 23.5 perent in 1981, a further 7.6 percent in 1982, and 1.8 percent in 1983. Given that only relatively slight activity is expected on the Alaska Natural Gas Transportation System until 1984, this forecast is bullish, but we believe well justified.

On an industry-by-industry basis, the following figures give the currently projected annual average rates of employment growth for the 1981-1983 period: mining 12.1 percent; construction 10.7 percent; manufacturing 3.4 percent; transportation, communications and public utilities 4.0 percent; trade 5.0 percent; finance, insurance and real estate 6.4 percent; services 4.3 percent; federal government 2.0 percent; state government 3.8 percent; and local government 3.7 percent.

THE INFLATION OUTLOOK

For the 12 months ended May 1981, the all items, all urban Anchorage Consumer Price Index (CPIU) was up an even 8.0 percent. The corresponding national inflation rate was 9.8 percent. A special section analyzing the historical relationship between the respective rates of growth of the Anchorage CPIU and the national CPIU is included in this report.

Posted inflation rates have been slightly higher in Fairbanks over the past year than in Anchorage. The Fairbanks all items, all urban CPIU recorded a 9.6 percent gain for the year ending April 1981. Data for Anchorage and Fairbanks are published in alternate months.

ANCHORAGE CONSUMER PRICE INFLATION*
(Percent)

	May 1980 to May 1981	Percent Change in Annual Average over Previous Year's Annual Average			
		1980	1981	1982	1983
Apparel and Upkeep	7.5	9.8	6.5	5.7	5.4
Food and Beverages	5.0	6.8	5.5	8.6	7.6
Entertainment	4.4	6.0	5.9	7.2	6.0
Housing	7.3	10.2	9.6	10.0	10.0
Transportation	13.9	15.3	9.7	6.5	7.9
Medical Care		14.0	10.0	10.0	10.0
Other Goods and Services	6.0	8.1	7.4	8.5	8.2
All Items	8.0	10.3	9.0	9.0	8.9

*As measured by the percent change in the Anchorage Consumer Price Index for all urban workers.

There is a great deal of discussion in the business press about the return of the national consumer price inflation to single digit levels. A weakening national economy, a growing worldwide surplus of crude oil, and good luck (for consumers) in the agricultural sector are projected to keep the national inflation rate in the 7.0 to 9.0 percent range through 1983. Because Alaska imports most of its consumer items from the lower 48, the slowdown in national inflation will tend to be reflected in Alaska in such items as food and beverages, apparel, and transportation, but not across the board.

The present 1981-1983 AEIRS forecast of Anchorage consumer price inflation still lies in the 8.5 to 9.0 percent range that has been expected for that period for the last half year. In effect, we believe that a reversal of trend is coming, with Alaska inflation rates matching or rising above the national average. As reported in Section III, 1979 and 1980 saw Alaska inflation rates which were 2.0 to 3.0 percentage points lower than the national average. The forecasted change in this trend reflects the conclusion that accelerated rates of Alaska employment and income growth will bring about a somewhat more rapid rate of growth of the housing price index in Alaska than is expected nationally (where a renewed recession and housing market doldrums appear to be in the cards). For Anchorage, the housing subindex accounts for over 50.0 percent of the all items index.

THE FINANCIAL SECTOR

The projected 1981-1983 upswing in the Alaska economy will bring somewhat larger deposit gains to Alaska's commercial banks than have been seen recently. By the end of 1983, total deposits at Alaska commercial and mutual savings banks should exceed $3.0 billion, up nearly $1.0 billion from their March 31, 1981 level.

In contrast, Alaska's five savings and loan associations face a somewhat depressed rate of overall deposit growth, largely because inflows into regular accounts and Money Market Certificates are forecasted to be more than offset by a net decline in S&L issues of jumbo certificates of deposit (denominations of $100,000 or more).

Between 1980:2 and 1981:2, S&L issues of jumbos increased statewide from $76 million to $195.6 million, a gain of 157 percent, and went from 32.2 percent of total S&L deposits to 54.0 percent of their deposits. In other states something on the order of 15.0 to 20.0 percent of deposits is considered normal by the Federal Home Loan Bank Board.

Approximately $100 million of the $195.6 million in S&L jumbos presently outstanding is held by the Municipality of Anchorage and represents both an Anchorage General Fund surplus and Anchorage bond proceeds awaiting disposition. Maturity dates range up to 360 days. In this forecast we have projected a net loss of $60.1 million in jumbos by the end of 1983. It is this net drawing down of jumbos that accounts for the forecasted net decline in S&L deposits over the next two and one-half years. The AEIRS forecast of overall S&L deposits shows a gain of 27.8 percent in 1981 (due to the issuance of jumbos) and net losses of 1.3 percent and 2.9 percent in 1982 and 1983, respectively. Even so, jumbos are projected to constitute in excess of 40 percent of S&L deposits at the end of calendar year 1983. This projection is based in part on projected Anchorage construction expenditures of approximately $5 million per month.

The June 1981 Data Resources, Incorporated forecast of selected interest rates is presented in the text table, along with the current AEIRS forecast of the Seattle effective interest rate paid on conventional home mortgages (a proxy for conventional mortgage rates in Alaska).

SELECTED INTEREST RATES
(Percent)

	Calendar Quarters							
	History			Forecast				
	80:3	80:4	81:1	81:2	81:3	81:4	82:1	82:2
90-day U.S. Treasury Bills	9.15	13.61	14.39	14.79	12.99	13.80	14.15	14.47
90-day Euro-dollar Rate	10.74	16.46	16.83	17.84	15.35	16.00	16.43	16.61
Moody's AAA Corporates	11.58	12.83	13.16	13.42	12.90	12.85	12.86	12.94
State & Local AAA General Obligations	7.91	8.84	9.31	9.73	9.00	9.04	8.80	9.06
Conventional Mortgage Rate, Seattle	12.41	13.41	13.72	14.31	14.08	13.38	13.46	13.57

ACKNOWLEDGEMENT: Forecasts of all but the Seattle Mortgage rate were obtained from the Data Resources, Inc., June 1981 "Control" Forecast of the U.S. Economy.

In these days of monetarist experimentation, interest rate forecasting is particularly hazardous. As of this writing, the prime lending rate at a number of large U.S. banks has just pushed back above the 20.0 percent level, suggesting that a third quarter decline in interest rates may prove to be only wishful thinking. For the longer term, however, the outlook can be stated conditionally, with some confidence. If Reaganomics and tight money combine to reduce inflation and temporarily slow the economy, interest rates will decline. For now, opinion on this matter is strewn across the lot because (a) Reaganomics (supply side theories) are empirically untested and (b) Congress may or may not cooperate on the Reagan tax plan.

III. INFLATION: ALASKA VS. THE NATION

Although the Anchorage and Fairbanks consumer price **levels** are higher than the overall U.S. City average, the **rate** of Anchorage consumer price inflation (the rate of change of the price level) has been below that posted nationally in 14 of the past 20 years. Between October 1960 and October 1980, the ratio of average consumer prices in Anchorage (the only Alaska city for which data have been collected regularly over the period) to average U.S. consumer prices fell 11.4 percent.[1/] The generally slower rate of inflation in Anchorage has been gradually eroding the historical cost-of-living differential between Anchorage and other U.S. cities.

The text table gives 12 month rates of consumer price inflation for Anchorage and for all U.S. cities combined. Three of the six years in which Anchorage prices rose faster than the U.S. City average were the years of trans-Alaska oil pipeline construction, 1974 to 1976. These were boom years in Alaska. The other three years of relatively more rapid price inflation in Anchorage were 1961, 1966, and 1978. In none of these latter three years did Anchorage inflation exceed the national average by even as much as one-half of a percentage point. During 1979 and 1980, the Anchorage inflation rate was a full 3.1 percentage points lower than the national average. In other words, except in periods of relative boom in Alaska, consumer prices have tended to rise noticeably slower in Anchorage than outside Alaska.

INFLATION DURING THE TAPS BOOM

Not all Anchorage consumer prices rose faster than the national average during 1974 and 1975, the first two years of TAPS construction. During 1974, food prices and the prices of health and recreation services set the pace, while the prices of other major components of the Anchorage CPI, on balance, lagged behind. Even in 1975, consumer transportation prices (fuel, the price of new and used cars, and public transportation fees) rose more slowly in Anchorage than in the nation at large. Only in 1976 were Anchorage consumer inflation rates uniformly higher than those posted nationally.

In all probability, inflation in Fairbanks, the city that took the brunt of the TAPS boom, accelerated sooner than in Anchorage and hit somewhat higher levels.

Although the U.S. Bureau of Labor Statistics did not publish data on Fairbanks consumer prices until February 1979, some Fairbanks price data are available for the TAPS period, thanks to the efforts of researchers affiliated with the North Slope Borough Impact Information Center. They concluded that "For most Fairbanks consumers, housing cost increases

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1/ Using official U.S. Bureau of Labor Statistics data one finds that, for the period October 1960 to October 1980, the ratio of Anchorage prices to overall U.S. prices declined to .8865 times its October 1960 value. If Anchorage prices were 50.0 percent above U.S. average prices in October 1960, they were only 33.0 percent above in October 1980.

PERCENTAGE RATES OF CONSUMER PRICE INFLATION

Year Ending October	Anchorage	U.S.	Comments
1961	1.1	0.8	
1962	(-0.3)	1.3	
1963	0.8	1.2	
1964	0.8	1.2	
1965	0.3	1.7	
1966	3.9	3.8	
1967	2.1	2.5	Vietnam Buildup
1968	2.6	4.7	
1969	4.6	5.6	
1970	3.9	5.8	Policy Recession
1971	2.5	3.6	Nixon Controls
1972	2.3	3.4	
1973	5.9	7.9	First OPEC "Shock"
1974	13.2	12.0	Construction of Trans-
1975	12.3	7.6	Alaska Oil Pipeline
1976	6.5	5.3	
1977	5.8	6.5	
1978	9.3	8.9	Second OPEC "Shock"
1979	9.1	12.2	
1980	9.5	12.6	

Note: Beginning October 1978, all items, all urban consumer price indexes are used to calculate inflation rates.

COMPARATIVE INFLATION
1974 to 1976*
(Percent)

	October 1973 to October 1974	October 1974 to October 1975	October 1975 to October 1976
FOOD			
Anchorage	18.1	11.9	2.1
U.S. City Average	11.9	7.8	1.5
HOUSING			
Anchorage	10.7	16.5	6.6
U.S. City Average	13.5	8.4	6.1
TRANSPORTATION			
Anchorage	13.0	8.0	12.5
U.S. City Average	14.3	9.2	9.5
HEALTH & RECREATION			
Anchorage	15.2	9.0	7.2
U.S. City Average	9.9	7.6	6.3
APPAREL & UPKEEP			
Anchorage	8.5	5.5	8.8
U.S. City Average	8.9	2.5	4.4

*Measured for the 12 months ending in October.

had the largest inflationary impact. A one-bedroom furnished apartment cost, on the average, $259/month in September of 1974 and $420/month in September of 1976. Homeowners faced major increases in property taxes, utilities, fuel oil, and insurance."[1/]

THE COMING ANGTS "BOOMLET"

In the absolute, the ANGTS project is smaller than the TAPS project (in terms of the number of jobs directly created). In relative terms, it is smaller yet since it will be superimposed on an economy with more than half again as many total jobs.[2/] If this were the only consideration, relative price pressures caused by ANGTS would tend not to be as intense as those produced by TAPS, and, thus, inflation premiums over the national average during ANGTS construction would tend to be lower than those posted during the 1974-1976 period.

During 1975 the national economy experienced what has come to be known as the "Great Recession," the steepest economic decline since the 1930's. The combination of steep recession in the national economy and a boom in Alaska widened the gap between the Anchorage and the U.S. City average rates of consumer price inflation in 1975 and 1976. No such severe national recession is yet anticipated for the ANGTS construction periods. Thus (a) the absolute rate of Anchorage consumer price inflation can be expected to be higher than it would be if a major U.S. recession were anticipated, but (b) there will be less of a difference in inflation rates (i.e., if the Anchorage rate is higher it will not be as much higher as it might be).

In general, both because the ANGTS project is relatively and absolutely smaller than was the TAPS project (in terms of employment and real income creation), and because a major U.S. recession is not yet expected for the mid-1980's (the period of projected ANGTS construction), it is likely that rates of inflation in Alaska will be closer to those posted nationally during ANGTS, than they were during the 1974-1976 period of TAPS construction.

The sole factor working against this line of reasoning is the possibility that ANGTS construction may add further stimulus to an already heated up Alaska economy. At this time, however, that does not appear to be of major concern. Given a delay in startup of ANGTS to at least 1984, there is every chance that the project will come on stream at precisely the time when the present spurt of government spending is tapering off.

CONCLUSION:

Alaska (Anchorage and Fairbanks) inflation rates will rather closely track the U.S. City average for the foreseeable future.

1/ Monica Thomas, Susan Fison, and Richard Solie "The Impact of the Trans-Alaska Oil Pipeline on Fairbanks," paper presented at the Northwest Regional Economics Conference, May 7, 1977.

2/ Nonagricultural employment in 1974 averaged only 128,179 jobs. The 1981 average should be in excess of 200,000 jobs.

APPENDIX

Historical employment and income data published in the following tables have been updated to correspond with revisions released by the Alaska Department of Labor, and by the U.S. Department of Commerce, Bureau of Economic Analysis.

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TABLE I
STATE OF ALASKA
POPULATION,LABOR FORCE,& EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
POPULATION (TRENDED)	410.7	410.8	411.2	410.3	410.8	408.1	406.4	406.2	404.2	406.2
LABOR FORCE (CPS BASIS)	171.9	185.7	186.8	179.6	181.0	171.1	183.7	190.3	178.9	181.0
EMPLOYMENT (CPS BASIS)	150.9	164.1	168.7	160.4	161.0	151.6	165.9	176.0	162.5	164.0
UNEMPLOYMENT (CPS BASIS)	21.1	21.6	18.1	19.2	20.0	19.5	17.8	14.4	16.4	17.0
UNEMPLOYMENT RATE (PERCENT,CPS BASIS)	12.3	11.6	9.7	10.7	11.1	11.4	9.7	7.5	9.2	9.4
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT										
MINING	5,380	5,782	5,698	5,390	5,563	5,642	5,903	5,919	5,626	5,773
CONTRACT CONSTRUCTION	10,226	12,572	14,817	11,345	12,240	7,461	9,846	12,806	10,253	10,092
MANUFACTURING	8,325	11,922	16,091	9,587	11,481	7,800	13,139	18,821	11,511	12,818
LOGGING & SAWMILLS	903	2,024	2,151	1,656	1,684	971	2,034	2,687	2,257	1,987
PAPER & PULP PRODUCTS	1,168	1,197	1,190	750	1,076	1,066	1,248	1,033	1,017	1,091
MISC FOOD & KINDRED PRODUCTS	3,681	5,862	9,584	4,350	5,869	3,317	6,840	11,736	5,223	6,779
OTHER MANUFACTURING	2,573	2,839	3,166	2,831	2,852	2,446	3,017	3,365	3,014	2,961
TRANS,COMM, & PUBLIC UTILS	15,307	16,542	17,521	15,945	16,379	15,609	16,726	17,831	16,650	16,704
TRUCKING	2,050	2,147	2,257	1,879	2,083	1,813	1,761	1,799	1,648	1,755
WATER TRANSPORTATION	830	1,376	1,359	1,109	1,169	916	1,292	1,477	1,255	1,235
AIR TRANSPORTATION	4,228	4,431	4,871	4,565	4,524	4,475	5,041	5,475	5,008	5,000
OTHER TRANSPORTATION	3,227	3,067	3,375	2,913	3,146	2,812	2,987	3,347	3,065	3,053
COMMUNICATIONS	3,905	4,028	4,163	4,112	4,052	4,214	4,224	4,289	4,301	4,257
PUBLIC UTILITIES	1,267	1,493	1,496	1,367	1,406	1,379	1,421	1,444	1,373	1,404
WHOLESALE TRADE	5,531	5,743	5,988	5,621	5,721	5,289	5,679	5,735	5,340	5,511
RETAIL TRADE	21,638	23,197	24,161	23,431	23,107	22,879	24,098	24,901	24,030	23,977
FINANCE,INSURANCE,& REAL EST.	8,442	7,966	8,341	8,163	8,228	8,093	8,208	8,021	7,819	8,035
SERVICES	25,805	27,778	29,540	27,299	27,606	27,558	28,658	29,807	26,982	28,251
GOVERNMENT	51,761	53,061	49,427	55,085	52,334	54,886	55,814	50,828	56,603	54,533
FEDERAL	17,501	18,055	18,720	18,396	18,168	17,516	17,816	18,641	17,688	17,915
STATE	13,842	14,275	14,440	14,829	14,347	14,652	15,041	15,059	15,155	14,977
LOCAL	20,418	20,731	16,267	21,860	19,819	22,718	22,957	17,128	23,760	21,641
MISCELLANEOUS EMPLOYMENT	515	493	967	159	534	478	920	975	1,052	856
TOTAL	153,130	165,056	172,551	162,025	163,191	155,695	168,991	175,644	165,866	166,549

FORECAST PERIODS ARE: POPULATION (80:3 TO 83:4)
LABOR FORCE (81:1 TO 83:4)
NONAG EMPLOYMENT (80:4 TO 83:4)

NOTE: PAPER & PULP EMPLOYMENT FOR 1978:4,1979:1 IS ESTIMATED.

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TABLE I
STATE OF ALASKA
POPULATION,LABOR FORCE,& EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
POPULATION (TRENDED)	402.3	400.5	403.0	404.9	402.7	409.0	413.0	416.3	419.4	414.4
LABOR FORCE (CPS BASIS)	173.5	191.3	197.1	186.1	187.0	186.9	199.1	202.6	198.5	196.8
EMPLOYMENT (CPS BASIS)	154.7	171.7	180.7	169.0	169.0	166.4	179.0	186.1	179.8	177.9
UNEMPLOYMENT (CPS BASIS)	18.8	19.6	16.4	17.2	18.0	20.5	20.1	16.5	18.7	18.9
UNEMPLOYMENT RATE (PERCENT,CPS BASIS)	10.8	10.3	8.3	9.2	9.7	11.0	10.1	8.2	9.4	9.7
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT										
MINING	5,957	6,440	6,879	6,885	6,540	7,693	8,507	9,214	8,504	8,479
CONTRACT CONSTRUCTION	7,311	10,474	14,044	11,035	10,716	9,638	14,054	16,348	12,890	13,233
MANUFACTURING	9,767	14,331	20,404	12,161	14,166	8,924	13,438	18,460	11,528	13,088
LOGGING & SAWMILLS	1,694	2,769	2,806	2,183	2,363	1,629	2,353	2,558	2,013	2,138
PAPER & PULP PRODUCTS	1,033	1,025	1,086	1,118	1,065	1,017	1,107	1,111	988	1,056
MISC FOOD & KINDRED PRODUCTS	4,172	7,376	12,961	5,892	7,600	3,513	6,838	11,457	5,454	6,815
OTHER MANUFACTURING	2,868	3,161	3,551	2,969	3,137	2,765	3,140	3,334	3,073	3,078
TRANS,COMM, & PUBLIC UTILS	16,056	17,320	18,271	17,386	17,258	16,422	17,679	19,261	18,157	17,880
TRUCKING	1,713	1,901	2,019	1,869	1,875	2,013	2,272	2,327	2,115	2,182
WATER TRANSPORTATION	1,110	1,478	1,596	1,375	1,390	1,059	1,333	1,666	1,429	1,372
AIR TRANSPORTATION	4,914	5,313	5,555	5,354	5,284	5,011	5,426	5,677	5,572	5,421
OTHER TRANSPORTATION	2,747	2,877	3,231	3,134	2,997	2,764	2,762	3,527	3,182	3,059
COMMUNICATIONS	4,246	4,401	4,461	4,243	4,338	4,146	4,354	4,459	4,293	4,313
PUBLIC UTILITIES	1,326	1,350	1,409	1,412	1,374	1,429	1,531	1,604	1,567	1,533
WHOLESALE TRADE	5,163	5,482	5,768	5,548	5,490	5,357	5,758	5,937	5,683	5,684
RETAIL TRADE	21,767	23,719	25,635	25,407	24,132	24,224	25,762	26,966	26,211	25,791
FINANCE,INSURANCE,& REAL EST.	7,665	7,731	7,939	7,748	7,771	7,622	7,813	8,284	8,193	7,978
SERVICES	27,715	29,879	30,389	29,983	29,491	30,088	31,644	32,510	31,559	31,450
GOVERNMENT	53,890	54,938	50,506	55,744	53,770	55,725	56,294	52,130	56,989	55,284
FEDERAL	16,871	18,372	18,596	18,168	18,002	17,840	18,325	18,765	18,534	18,366
STATE	15,032	15,078	15,202	15,549	15,215	15,574	15,667	16,205	15,848	15,823
LOCAL	21,987	21,488	16,708	22,028	20,553	22,311	22,303	17,160	22,608	21,096
MISCELLANEOUS EMPLOYMENT	613	1,280	1,755	515	1,041	394	630	921	527	618
TOTAL	155,904	171,594	181,590	172,413	170,375	166,088	181,580	190,030	180,241	179,485

FORECAST PERIODS ARE: POPULATION (80:3 TO 83:4)
LABOR FORCE (81:1 TO 83:4)
NONAG EMPLOYMENT (80:4 TO 83:4)

NOTE: PAPER & PULP EMPLOYMENT FOR 1978:4,1979:1 IS ESTIMATED.

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TABLE I
STATE OF ALASKA
POPULATION,LABOR FORCE,& EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1982:1	1982:2	1982:3	1982:4	ANNUAL AVG. 1982	1983:1	1983:2	1983:3	1983:4	ANNUAL AVG. 1983
POPULATION (TRENDED)	423.0	426.5	430.7	434.1	428.6	436.6	439.5	442.3	445.2	440.9
LABOR FORCE (CPS BASIS)	198.2	209.1	211.3	206.5	206.3	203.3	215.4	217.7	212.6	212.3
EMPLOYMENT (CPS BASIS)	176.3	188.0	194.3	187.2	186.4	181.1	193.8	200.3	192.9	192.0
UNEMPLOYMENT (CPS BASIS)	21.9	21.1	17.0	19.3	19.8	22.2	21.6	17.5	19.7	20.2
UNEMPLOYMENT RATE (PERCENT,CPS BASIS)	11.0	10.1	8.1	9.3	9.6	10.9	10.0	8.0	9.3	9.6

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT

MINING	8,463	8,858	9,500	8,730	8,888	8,701	9,130	9,776	9,046	9,163
CONTRACT CONSTRUCTION	11,383	14,530	17,354	13,694	14,240	10,935	15,256	17,597	14,212	14,500
MANUFACTURING	10,493	15,344	21,057	13,245	15,035	11,233	15,979	21,842	13,573	15,657
LOGGING & SAWMILLS	1,592	2,607	2,923	2,336	2,364	1,891	2,944	3,147	2,469	2,613
PAPER & PULP PRODUCTS	1,077	1,368	1,430	1,285	1,290	1,294	1,415	1,425	1,265	1,350
MISC FOOD & KINDRED PRODUCTS	4,933	8,088	13,217	6,409	8,162	5,029	8,196	13,637	6,492	8,338
OTHER MANUFACTURING	2,891	3,281	3,487	3,215	3,219	3,020	3,424	3,633	3,347	3,356
TRANS,COMM, & PUBLIC UTILS	17,276	18,402	20,170	19,004	18,713	17,948	19,104	20,896	19,705	19,413
TRUCKING	2,258	2,414	2,560	2,313	2,386	2,316	2,493	2,610	2,382	2,450
WATER TRANSPORTATION	1,135	1,384	1,722	1,477	1,429	1,173	1,432	1,777	1,518	1,475
AIR TRANSPORTATION	5,215	5,647	5,908	5,799	5,642	5,428	5,876	6,149	6,035	5,872
OTHER TRANSPORTATION	2,867	2,825	3,651	3,285	3,157	2,959	2,884	3,742	3,369	3,239
COMMUNICATIONS	4,241	4,482	4,614	4,464	4,450	4,421	4,680	4,819	4,659	4,645
PUBLIC UTILITIES	1,560	1,651	1,714	1,666	1,648	1,651	1,739	1,800	1,742	1,733
WHOLESALE TRADE	5,873	6,140	6,439	6,141	6,148	6,098	6,373	6,662	6,353	6,372
RETAIL TRADE	25,337	26,784	28,018	27,339	26,869	26,386	27,874	29,097	28,339	27,924
FINANCE,INSURANCE,& REAL EST.	8,208	8,422	8,938	8,864	8,608	8,895	9,144	9,727	9,660	9,357
SERVICES	30,752	32,379	33,492	32,456	32,270	31,817	33,612	34,752	33,729	33,478
GOVERNMENT	56,933	58,813	54,227	58,813	57,196	58,872	60,478	56,017	60,787	59,038
FEDERAL	18,199	18,694	19,147	18,907	18,737	18,566	19,071	19,537	19,288	19,116
STATE	15,548	16,263	17,191	16,491	16,373	16,180	16,923	17,889	17,161	17,038
LOCAL	23,186	23,856	17,888	23,415	22,086	24,126	24,484	18,590	24,338	22,885
MISCELLANEOUS EMPLOYMENT	402	643	1,095	537	669	415	663	1,128	553	690
TOTAL	175,119	190,315	200,289	188,823	188,636	181,301	197,613	207,495	195,957	195,592

FORECAST PERIODS ARE: POPULATION (80:3 TO 83:4)
LABOR FORCE (81:1 TO 83:4)
NONAG EMPLOYMENT (80:4 TO 83:4)

NOTE: PAPER & PULP EMPLOYMENT FOR 1978:4,1979:1 IS ESTIMATED.

BEST COPY AVAILABLE

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TABLE II
STATE OF ALASKA
INCOME,PRICES,AND WAGES

INCOME(BILLIONS OF $,SEASONALLY ADJUSTED,ANNUAL RATE)

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
WAGES & SALARIES	3.676	3.593	3.571	3.692	3.634	3.718	3.674	3.761	3.904	3.764
PLUS: OTHER LABOR INCOME	0.296	0.293	0.302	0.307	0.300	0.309	0.322	0.342	0.358	0.333
PLUS: PROPRIETORS' INCOME	0.232	0.231	0.238	0.247	0.237	0.245	0.245	0.263	0.274	0.257
PLUS: PROPERTY INCOME	0.308	0.306	0.310	0.318	0.311	0.334	0.350	0.366	0.388	0.360
PLUS: TRANSFER PAYMENTS	0.350	0.353	0.389	0.375	0.367	0.345	0.358	0.391	0.375	0.367
PLUS: RESIDENCE ADJUSTMENT	-0.319	-0.307	-0.308	-0.307	-0.310	-0.282	-0.282	-0.295	-0.305	-0.291
LESS: EMPLOYEE CONTRIBUTIONS SOC INS	0.228	0.221	0.225	0.229	0.226	0.249	0.250	0.262	0.272	0.258
EQUALS: PERSONAL INCOME,RESIDENCE BASIS	4.315	4.253	4.278	4.403	4.312	4.421	4.417	4.566	4.723	4.532

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

APPAREL AND UPKEEP	1.546	1.581	1.594	1.612	1.583	1.578	1.579	1.642	1.689	1.622
FOOD AND BEVERAGES	2.115	2.211	2.248	2.294	2.217	2.385	2.425	2.485	2.519	2.453
ENTERTAINMENT	1.838	1.874	1.885	1.902	1.874	1.903	1.896	1.927	1.973	1.925
HOUSING	1.762	1.791	1.882	1.931	1.841	1.982	2.027	2.093	2.131	2.058
TRANSPORTATION	1.687	1.750	1.792	1.822	1.763	1.844	1.906	1.995	2.052	1.949
MEDICAL CARE	2.237	2.248	2.310	2.352	2.287	2.442	2.491	2.499	2.535	2.492
OTHER GOODS & SVCS	1.758	1.790	1.825	1.855	1.807	1.884	1.917	1.952	1.995	1.937
ALL ITEMS	1.800	1.843	1.909	1.950	1.875	1.996	2.037	2.103	2.144	2.070

AVERAGE HOURLY EARNINGS (DOLLARS,SEASONALLY ADJUSTED)

MINING	15.15	14.79	14.60	15.67	15.05	16.68	17.39	17.74	18.86	17.67
CONTRACT CONSTRUCTION	18.28	18.12	17.84	18.66	18.22	18.67	18.73	18.93	18.62	18.74
MANUFACTURING (AEIRS DEF.)	10.91	10.91	11.03	11.58	11.11	11.99	11.67	11.51	12.47	11.91
WHOLESALE TRADE	8.38	8.68	8.98	9.06	8.78	9.28	9.57	9.83	9.78	9.62
RETAIL TRADE*	7.05	7.36	7.05	7.56	7.26	7.39	7.51	7.68	7.73	7.58

*EXCEPT EATING & DRINKING PLACES
TRANSFER PAYMENTS AND TOTAL PERSONAL INCOME FOR 1980:3 AND 1980:4
DIFFER FROM OFFICIAL ESTIMATES BY INCLUSION OF 1979 STATE
PERSONAL INCOME TAX REBATES.
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (81:1 TO 83:4)
PRICES (81:2 TO 83:4)
EARNINGS (81:1 TO 83:4)

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TABLE II
STATE OF ALASKA
INCOME, PRICES, AND WAGES

INCOME (BILLIONS OF $, SEASONALLY ADJUSTED, ANNUAL RATE)

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
WAGES & SALARIES	3.981	3.875	4.051	4.319	4.057	4.588	4.699	4.776	4.890	4.738
PLUS: OTHER LABOR INCOME	0.369	0.378	0.402	0.416	0.391	0.408	0.406	0.407	0.410	0.408
PLUS: PROPRIETORS' INCOME	0.276	0.258	0.276	0.297	0.277	0.315	0.324	0.333	0.343	0.329
PLUS: PROPERTY INCOME	0.414	0.439	0.455	0.470	0.445	0.499	0.526	0.554	0.579	0.539
PLUS: TRANSFER PAYMENTS	0.383	0.392	0.646	0.667	0.522	0.460	0.789	0.514	0.521	0.571
PLUS: RESIDENCE ADJUSTMENT	-0.312	-0.307	-0.324	-0.342	-0.321	-0.332	-0.344	-0.345	-0.362	-0.346
LESS: EMPLOYEE CONTRIBUTIONS SOC INS	0.286	0.279	0.294	0.309	0.292	0.306	0.335	0.332	0.344	0.329
EQUALS: PERSONAL INCOME, RESIDENCE BASIS	4.825	4.756	5.212	5.518	5.078	5.633	6.066	5.905	6.038	5.911

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

APPAREL AND UPKEEP	1.690	1.759	1.825	1.850	1.781	1.857	1.882	1.911	1.939	1.897
FOOD AND BEVERAGES	2.542	2.588	2.641	2.706	2.619	2.708	2.716	2.772	2.854	2.763
ENTERTAINMENT	2.018	2.073	2.014	2.054	2.040	2.097	2.139	2.182	2.225	2.161
HOUSING	2.203	2.252	2.274	2.342	2.268	2.395	2.456	2.515	2.575	2.485
TRANSPORTATION	2.140	2.210	2.272	2.362	2.246	2.423	2.470	2.469	2.493	2.463
MEDICAL CARE	2.717	2.842	2.884	2.923	2.841	3.016	3.088	3.163	3.238	3.126
OTHER GOODS & SVCS	2.034	2.080	2.117	2.145	2.094	2.169	2.232	2.277	2.322	2.250
ALL ITEMS	2.209	2.263	2.297	2.362	2.282	2.406	2.464	2.511	2.566	2.487

AVERAGE HOURLY EARNINGS (DOLLARS, SEASONALLY ADJUSTED)

MINING	18.74	18.89	18.50	17.36	18.37	19.60	20.18	20.66	21.22	20.42
CONTRACT CONSTRUCTION	19.03	19.49	20.87	21.55	20.23	20.49	21.54	21.35	21.27	21.16
MANUFACTURING (AEIRS DEF.)	12.48	12.43	12.38	13.58	12.72	13.65	13.95	14.19	14.46	14.06
WHOLESALE TRADE	9.71	10.63	11.41	11.87	10.91	11.44	11.75	12.03	12.03	11.81
RETAIL TRADE*	8.07	8.08	8.24	8.44	8.21	8.82	8.99	9.20	9.38	9.10

*EXCEPT EATING & DRINKING PLACES
TRANSFER PAYMENTS AND TOTAL PERSONAL INCOME FOR 1980:3 AND 1980:4
DIFFER FROM OFFICIAL ESTIMATES BY INCLUSION OF 1979 STATE
PERSONAL INCOME TAX REBATES.
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (81:1 TO 83:4)
PRICES (81:2 TO 83:4)
EARNINGS (81:1 TO 83:4)

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TABLE II
STATE OF ALASKA
INCOME,PRICES,AND WAGES

INCOME(BILLIONS OF $,SEASONALLY ADJUSTED,ANNUAL RATE)

		1982:1	1982:2	1982:3	1982:4	ANNUAL AVG. 1982	1983:1	1983:2	1983:3	1983:4	ANNUAL AVG. 1983
	WAGES & SALARIES	5.213	5.332	5.450	5.561	5.389	5.850	6.049	6.157	6.292	6.087
PLUS:	OTHER LABOR INCOME	0.421	0.432	0.442	0.451	0.436	0.465	0.479	0.491	0.503	0.484
PLUS:	PROPRIETORS' INCOME	0.352	0.360	0.371	0.383	0.367	0.394	0.402	0.414	0.427	0.409
PLUS:	PROPERTY INCOME	0.606	0.635	0.668	0.700	0.652	0.730	0.761	0.792	0.823	0.776
PLUS:	TRANSFER PAYMENTS	0.509	0.886	0.725	0.744	0.716	0.793	0.808	0.854	0.873	0.832
PLUS:	RESIDENCE ADJUSTMENT	-0.403	-0.415	-0.421	-0.438	-0.419	-0.486	-0.557	-0.579	-0.603	-0.556
LESS:	EMPLOYEE CONTRIBUTIONS SOC INS	0.362	0.393	0.391	0.401	0.387	0.414	0.455	0.450	0.462	0.446
EQUALS:	PERSONAL INCOME,RESIDENCE BASIS	6.337	6.837	6.844	7.000	6.754	7.332	7.488	7.678	7.852	7.588

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

	1982:1	1982:2	1982:3	1982:4	ANNUAL AVG. 1982	1983:1	1983:2	1983:3	1983:4	ANNUAL AVG. 1983
APPAREL AND UPKEEP	1.967	1.993	2.019	2.046	2.006	2.075	2.102	2.128	2.154	2.115
FOOD AND BEVERAGES	2.925	2.979	3.023	3.078	3.001	3.146	3.206	3.260	3.311	3.231
ENTERTAINMENT	2.261	2.297	2.334	2.371	2.316	2.404	2.438	2.472	2.507	2.455
HOUSING	2.637	2.700	2.765	2.831	2.733	2.899	2.969	3.040	3.113	3.005
TRANSPORTATION	2.544	2.596	2.651	2.706	2.624	2.757	2.807	2.857	2.905	2.832
MEDICAL CARE	3.316	3.396	3.477	3.561	3.437	3.646	3.734	3.823	3.915	3.779
OTHER GOODS & SVCS	2.369	2.416	2.464	2.514	2.441	2.564	2.615	2.667	2.721	2.642
ALL ITEMS	2.625	2.682	2.739	2.798	2.711	2.860	2.921	2.983	3.044	2.952

AVERAGE HOURLY EARNINGS (DOLLARS,SEASONALLY ADJUSTED)

	1982:1	1982:2	1982:3	1982:4	ANNUAL AVG. 1982	1983:1	1983:2	1983:3	1983:4	ANNUAL AVG. 1983
MINING	21.82	22.40	22.99	23.61	22.70	24.25	24.89	25.54	26.20	25.22
CONTRACT CONSTRUCTION	22.82	23.74	23.55	23.52	23.41	25.48	26.93	26.70	26.90	26.50
MANUFACTURING (AEIRS DEF.)	14.77	14.72	14.91	15.30	14.92	16.12	16.07	16.21	16.66	16.27
WHOLESALE TRADE	11.98	12.26	12.51	12.47	12.31	12.42	12.67	12.90	12.82	12.70
RETAIL TRADE*	9.58	9.80	10.02	10.23	9.91	10.45	10.68	10.91	11.14	10.79

*EXCEPT EATING & DRINKING PLACES
TRANSFER PAYMENTS AND TOTAL PERSONAL INCOME FOR 1980:3 AND 1980:4
DIFFER FROM OFFICIAL ESTIMATES BY INCLUSION OF 1979 STATE
PERSONAL INCOME TAX REBATES.
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (81:1 TO 83:4)
PRICES (81:2 TO 83:4)
EARNINGS (81:1 TO 83:4)

TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
CASH & DUE FROM BANKS	213.7	248.3	275.0	249.8	246.7	228.7	228.0	272.4	248.5	244.4
SECURITIES	437.3	465.2	508.9	514.0	481.4	500.1	581.6	694.5	654.7	607.7
LOANS & DISCOUNTS	1,170.3	1,244.3	1,286.0	1,242.2	1,235.7	1,222.7	1,266.0	1,262.2	1,210.1	1,240.2
OTHER ASSETS	130.3	131.8	128.0	127.0	129.3	130.1	134.7	136.5	135.2	134.1
TOTAL ASSETS	1,951.5	2,089.7	2,198.0	2,133.1	2,093.1	2,081.6	2,210.2	2,365.7	2,248.4	2,226.5
DEMAND DEPOSITS	666.8	733.6	788.5	709.3	724.5	666.2	707.5	762.3	684.1	705.0
TIME DEPOSITS	973.2	1,017.5	1,069.6	1,038.0	1,024.6	1,022.2	1,083.6	1,134.6	1,116.1	1,089.2
OTHER LIABILITIES & CAPITAL	311.6	338.6	339.9	385.8	344.0	393.2	419.1	468.8	448.1	432.3

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS, BEGINNING OF QRTR	216.6	216.3	212.4	219.9	216.3	212.9	211.4	228.3	230.2	220.7
HOLDINGS OF JUMBO CD'S*	42.5	46.2	37.0	44.4	42.5	37.8	38.2	54.7	60.8	47.9
NEW SAVINGS LESS W'DRAWALS	-8.4	1.6	3.5	-11.3	-3.7	-2.2	8.3	-2.0	3.4	1.9
CHANGE IN MORTGAGE PORTFOLIOS	-1.8	14.0	-5.6	-2.6	1.0	-4.8	4.6	-2.2	-11.6	-3.5
NEW LENDING	16.4	33.6	28.6	26.5	26.3	15.4	22.6	17.5	12.1	16.9
MORTGAGE RATE (%)-SEATTLE	9.5	9.7	10.0	10.2	9.8	10.6	10.7	11.1	11.4	10.9

THE FORECAST PERIOD IS 1981:2 TO 1983:4
*CERTIFICATES OF $100,000 OR MORE

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TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
CASH & DUE FROM BANKS	274.2	339.6	401.7	353.8	342.3	429.1	323.5	369.7	359.8	370.5
SECURITIES	640.4	733.9	860.6	871.4	776.6	851.5	905.6	1,007.5	915.5	920.0
LOANS & DISCOUNTS	1,159.2	1,110.5	1,174.0	1,143.0	1,146.7	1,143.7	1,286.2	1,287.5	1,347.9	1,266.3
OTHER ASSETS	141.9	147.5	152.2	171.6	153.3	176.2	171.4	151.6	159.3	164.6
TOTAL ASSETS	2,215.8	2,331.5	2,588.5	2,539.8	2,418.9	2,600.5	2,686.7	2,816.3	2,782.5	2,721.5
DEMAND DEPOSITS	638.5	780.1	892.0	785.9	774.1	802.2	915.5	993.8	928.3	910.0
TIME DEPOSITS	1,109.8	1,082.2	1,210.4	1,229.9	1,158.1	1,283.1	1,222.6	1,302.5	1,302.2	1,277.6
OTHER LIABILITIES & CAPITAL	467.5	469.2	486.1	524.0	486.7	515.2	548.6	520.0	551.9	533.9

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	232.6	235.7	286.2	333.7	272.0	317.9	354.1	362.2	356.0	347.6
HOLDINGS OF JUMBO CD'S*	70.4	76.0	120.5	157.8	106.2	137.8	180.6	195.6	187.8	175.5
NEW SAVINGS LESS W'DRAWALS	-7.4	50.8	7.7	19.3	17.6	-59.7	21.2	-6.5	-8.9	-13.5
CHANGE IN MORTGAGE PORTFOLIOS	-1.8	5.3	14.8	-27.2	-2.2	-17.1	28.9	11.3	4.8	7.0
NEW LENDING	6.6	22.2	20.3	26.6	18.9	22.5	47.3	42.2	41.5	38.4
MORTGAGE RATE (%)-SEATTLE	12.0	13.7	12.4	13.4	12.9	13.7	14.3	14.1	13.4	13.9

THE FORECAST PERIOD IS 1981:2 TO 1983:4
*CERTIFICATES OF $100,000 OR MORE

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TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1982:1	1982:2	1982:3	1982:4	ANNUAL AVG. 1982	1983:1	1983:2	1983:3	1983:4	ANNUAL AVG. 1983
CASH & DUE FROM BANKS	357.3	387.0	441.4	426.6	403.1	420.6	453.5	518.9	505.4	474.6
SECURITIES	870.6	920.8	955.5	920.3	916.8	891.4	946.4	1,058.6	1,007.0	975.9
LOANS & DISCOUNTS	1,440.9	1,592.7	1,711.9	1,715.8	1,615.3	1,765.1	1,938.4	2,036.9	2,054.3	1,948.7
OTHER ASSETS	185.3	189.2	177.4	177.7	182.4	202.2	208.0	199.7	200.3	202.6
TOTAL ASSETS	2,854.1	3,089.6	3,286.3	3,240.4	3,117.6	3,279.3	3,546.3	3,814.1	3,767.0	3,601.7
DEMAND DEPOSITS	926.1	1,059.0	1,154.5	1,089.8	1,057.3	1,085.1	1,234.9	1,340.2	1,259.1	1,229.8
TIME DEPOSITS	1,340.9	1,385.3	1,464.2	1,487.9	1,419.6	1,524.8	1,595.1	1,747.7	1,771.4	1,659.8
OTHER LIABILITIES & CAPITAL	587.1	645.3	667.6	662.7	640.7	669.4	716.3	726.3	736.6	712.1

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	350.2	344.9	340.6	336.8	343.1	334.0	332.6	332.7	334.0	333.3
HOLDINGS OF JUMBO CD'S*	180.3	173.1	166.1	159.5	169.7	153.1	147.0	141.1	135.5	144.2
NEW SAVINGS LESS W'DRAWALS	-8.3	-7.5	-7.0	-6.0	-7.2	-4.7	-3.3	-2.1	-1.1	-2.8
CHANGE IN MORTGAGE PORTFOLIOS	-4.4	4.8	4.0	2.1	1.6	-9.5	9.9	10.4	1.1	3.0
NEW LENDING	24.7	49.2	46.6	42.2	40.7	24.0	48.7	46.6	44.4	40.9
MORTGAGE RATE (%)-SEATTLE	13.5	13.6	13.7	13.5	13.6	13.4	13.1	12.8	12.1	12.8

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